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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS
OFFICIAL REPORT

ORDER OF BUSINESS

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

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

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

House of Lords

Wednesday 19 July 2017

3 pm

Prayers—read by the Lord Bishop of Newcastle.

Oaths and Affirmations

3.05 pm

Lord Morgan took the oath, and signed an undertaking to abide by the Code of Conduct.

Royal Assent

3.06 pm

The following Act was given Royal Assent:
Supply and Appropriation (Main Estimates) Act.

Crown Dependencies
Question

3.07 pm

Asked by ***Lord Beith***

To ask Her Majesty's Government what discussions Ministers have had with the Governments of the Crown Dependencies since the 2017 general election about the negotiations for the United Kingdom's withdrawal from the European Union.

Lord Beith (LD): My Lords, I beg leave to ask the Question standing in my name on the Order Paper, and I draw attention to my entry in the register.

Baroness Goldie (Con): My Lords, my honourable friend Mr Robin Walker, Parliamentary Under-Secretary of State at the Department for Exiting the EU, has spoken with the Chief Ministers of Jersey, Guernsey and the Isle of Man following the 2017 general election as part of his regular engagement with the Crown dependencies on EU exit. We remain absolutely committed to engaging with the Crown dependencies fully in our work to ensure that their priorities and interests are understood.

Lord Beith: My Lords, I welcome the consultations that have taken place so far but they have yet to be tested under the pressure of negotiations. Does the noble Baroness recognise that access to the single market and customs union for agriculture, fish products and manufacturing under protocol 3 are important to the Channel Islands and the Isle of Man and that a bad deal or no deal on trade would not only be disastrous for the UK but bad for the dependencies as well? Does she realise that, at the moment, they cannot all revert to WTO rules because Jersey, in particular, is having great difficulty in getting the application of WTO membership to it?

Baroness Goldie: As I indicated to the noble Lord, the UK Government are engaged in close discussions with the Crown dependencies. There are formal quarterly meetings, specifically with the Chief Ministers of Jersey, Guernsey and the Isle of Man, attended, as I said, by the Parliamentary Under-Secretary of State. A series of technical round tables has been organised with the Crown dependencies. The issue which the noble Lord raises is one of many of significance to the Crown dependencies, and these technical issues indeed include the area of agriculture and fisheries, where issues are being identified and this close pattern of engagement is being pursued. The Crown dependencies have been very positive about that level of engagement.

Lord Hannay of Chiswick (CB): My Lords, can the Minister perhaps say something about substance rather than procedure? What status in trade are the Government hoping to negotiate in Brussels on behalf of the Crown dependencies? Presumably they are not allowed to negotiate directly themselves. What status will that be? Will it be remaining in the customs union, remaining in the single market, none of the above and something I have not yet thought of, or what?

Baroness Goldie: Well, we shall have to see. I am sure that the objectives of these close engagements and good discussions are precisely the kinds of issues to which the noble Lord refers and are very much to the forefront of the minds of the Minister and the Crown dependencies. That will of course form part of our overall approach to the negotiations.

Lord Foulkes of Cumnock (Lab): My Lords, will the noble Baroness turn her mind to the position of the overseas territories, representatives of all of which I met yesterday morning? They are deeply concerned about their position if we exit the European Union, as some of them currently get up to 60% of their revenue budget from the EU. Can the noble Baroness give a guarantee that, if we exit the European Union, that will be made up by Her Majesty's Government?

Baroness Goldie: I think that the noble Lord is being characteristically mischievous, if I may say so.

Noble Lords: No!

Baroness Goldie: He raises a substantive issue which is somewhat wide of the original Question, but that is not in any way to diminish the importance of the overseas territories, prominent among which is Gibraltar. These close discussions continue and the interests of the overseas territories are very much in the minds of the negotiators.

Lord Flight (Con): My Lords, the Minister will know that the Channel Islands never joined the Common Market and are not members of the EU. Therefore, their position very much depends on the arrangements that they enter into with us and, in particular, their position in the queue to be able to market their financial services in the EU under the new equivalence regime.

Baroness Goldie: I thank my noble friend for that question. Financial services are indeed a key interest of the Crown dependencies, particularly given that sector's contribution to their economies. The Crown dependencies are lobbying to ensure that these interests are recognised and are part of the EU exit engagement programme.

Lord Shutt of Greetland (LD): My Lords, the Crown dependencies—particularly the Isle of Man, Guernsey and Jersey—have a considerable stake in the hospitality and tourism industries, and it may well be that several of your Lordships will sojourn there in the next few weeks. People working in those places may be concerned about their future employment if they have come from other parts of Europe to work in hospitality and tourism. What comfort can the noble Baroness give to such people that can perhaps be passed on during the summer?

Baroness Goldie: I thank the noble Lord for his question. The issue that he raises is, again, very important and is very much at the forefront of the discussions to which I have referred. The Parliamentary Under-Secretary of State, who is leading this engagement, is having regular meetings. I understand that the discussions have been very constructive and have been well received by the Chief Ministers of the Crown dependencies. I am sure that the Chief Ministers are advancing the very sorts of issues to which the noble Lord refers.

Baroness Hayter of Kentish Town (Lab): My Lords—

Lord Deben (Con): My Lords—

Lord Tebbit (Con): My Lords—

Noble Lords: Order!

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, if we cannot have order, we will have the Labour Front Bench.

Baroness Hayter of Kentish Town: Oh, I bring order to chaos! My Lords, the EU Committee has published a report on Brexit and the Crown dependencies, along with many other excellent reports, and we are still awaiting government responses to them. I am tabling lots of very serious Questions to try to get the best out of Brexit. Despite what the former Leader of the House says in *HuffPost* this morning, we are trying to get information. Therefore, can the Minister try to get government responses not just to these reports but to the Written Questions? Those of us who are trying to move forward seriously on this need that information.

Baroness Goldie: I thank the noble Baroness for raising an important issue. I am aware of the excellent work done by the committees. Interestingly, the reports of both the EU Committee and the Justice Sub-Committee were positive about the Government's engagement with the Crown dependencies. I am certain that the noble Baroness's plea is noted. I think that there is a desire to impart more specific information as soon as we are able to do so.

East Africa: Refugee Crisis

Question

3.14 pm

Asked by ***The Earl of Sandwich***

To ask Her Majesty's Government what further action they are taking to address the ongoing refugee crisis and acute food emergency in East Africa.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, across east Africa the UK is providing life-saving humanitarian support, including reaching over 3.3 million people with food assistance and over 2.4 million people with water and sanitation. We are leading a new approach to support refugees, who are often displaced for many years, focusing on the provision of long-term investments in jobs and education.

The Earl of Sandwich (CB): My Lords, I thank the Minister for that reply. I know that our humanitarian aid and our soldiers are making a huge contribution at the moment, as are the Ugandan Government, as he knows. However, my concern today is about security. This is one of the most dangerous places in Africa. He will recall that the United Nations almost overlooked the rapes and killings that were going on quite close to Juba in July last year. Can the United Kingdom do any more about this? Does the UN have it in its power to make this country more secure?

Lord Bates: It is trying its best. It is a dire situation, to be quite frank, and some 80 humanitarian workers have lost their lives since the beginning of this crisis. The 400 British troops there are doing incredible work as part of the UN mission and are led very ably by David Shearer. There was a commitment last year at the UN for a further regional deployment of 4,000 troops. That needs to happen. However, ultimately it is for the Government and the Opposition to honour the ceasefire that was declared and to allow humanitarian aid to get through. We continue to keep that under review. Major General Patrick Cammaert undertook a review into the incident he talked about and we will continue to follow that inquiry very closely.

Baroness Manzoor (Con): My Lords, I welcome the humanitarian aid that the Government are giving to east Africa but there are reports that the crisis is being used by some people to traffic women from east Africa into Europe. Can the Minister say what steps the Government are taking to minimise this traumatic experience for some of the most vulnerable women?

Lord Bates: It is a fact that that is happening. That is the reason why we are a party to, and led off on, the Khartoum process; why we are signatories to, and urging forward, the joint Valletta agreement on human trafficking, which was a follow-up to that; and why it is important that we work particularly with the African Union and European Union colleagues in that area to clamp down on this evil trade.

Lord Judd (Lab): My Lords, the situation is appalling, the suffering is acute and the courage and resilience of thousands of people is amazing. I am glad that the noble Lord has been able to reassure the House that our humanitarian commitment is firm. However, would he agree that this situation is, sadly, a symptom of what lies ahead in the world, and that crises of this kind will recur, with inevitable pressures on Europe? Is not this the very time we should be working flat out with our international partners, not least in Europe, to think about the strategies we must develop to meet the crises that lie ahead?

Lord Bates: The noble Lord speaks with great authority and understanding of these issues and I totally agree with him. We need to look at the underlying causes. This is sometimes portrayed in the media as a climate issue which has caused suffering to the people of this region. However, it is a manmade crisis, which needs a manmade solution. This means people putting their civilian populations first and protecting them, and the international community needs to come forward—as it did through the G20—with radical plans to bolster job creation, economic growth and security in that region so that there is the potential for peace in the future.

The Lord Bishop of Salisbury: My Lords, I thank the Minister for his responses. In the case of South Sudan, where conflict is the main cause of the crisis but it is also being further exacerbated by low rainfall, what is the UK doing in relation to internally displaced people? Perhaps I may also ask him to comment on the very different example of Burundi. Is this also an opportunity for him to say a bit more about how UK overseas aid is not a charity but is in our enlightened self-interest?

Lord Bates: I agree with that assessment. In terms of what our aid is actually doing, at the basic level, during 2017 it will put 200,000 girls into education and help to construct and support 2,000 schools. It will provide food and medicine. We have committed £100 million to this crisis, which is one of the largest interventions that we have made. Moreover, we made it very early on and we have been leading in this area. What we are also trying to do is help refugees in neighbouring countries, where significant pressures are developing as the result of 2 million people having fled into them to escape from the fighting and violence.

Baroness Sheehan (LD): My Lords, the situation in east Africa is truly awful and I commend the fantastic work that DfID and other UK agencies are doing there. The Minister will know that for every £1 we spend on preparing for disasters, around £7 is saved in recovery costs. I have two questions for the noble Lord. First, is DfID planning to increase investment in humanitarian aid for disaster risk reduction? Secondly, will the department commit at the very least to extending the excellent Disasters and Emergencies Preparedness Programme when it expires in March 2018?

Lord Bates: My Lords, we have not taken a decision on that particular programme, but I am happy to write to the noble Baroness once the processes have been gone through. This is at the core of what we do, and the humanitarian mission is absolutely critical in this area. We want it to be continuously strengthened. One thing that I am most proud of is that, in the case of Somalia in particular, we were there right at the beginning, and we led the initiative—because we know that sometimes there can be a lead time of months before much-needed supplies get to a region. We were starting our work in February, which has contributed to saving tens of thousands of lives in that particular country.

Industrial Strategy

Question

3.22 pm

Asked by ***Lord Fox***

To ask Her Majesty's Government what conclusions they have drawn from their consultation on the introduction of a new industrial strategy.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Prior of Brampton) (Con): My Lords, the responses to the consultation are broadly supportive of the proposals in the Green Paper and endorse the challenge of developing an ambitious and enduring industrial strategy that sets a clear long-term vision and works for all parts of the country. The responses will inform the development of the White Paper to be published later this year.

Lord Fox (LD): I thank the noble Lord for his response and for the fact that the consultation is being heeded. I understand that sector discussions are under way and that the metaphor has moved from referring to 10 pillars down to four. Quite apart from that giving the department more time to spend on Brexit chaos, what is the rationale behind this change and which of the pillars have been jettisoned?

Lord Prior of Brampton: I think that the noble Lord is confusing two things. This is a question about how the White Paper is to be structured. It is clear from the feedback received during the consultation period that technical skills is probably the most important area we need to focus on, along with universities and science and innovation, infrastructure, and what we all call "place". We cannot have an industrial strategy that does not reach out to other parts of the country beyond London.

Lord West of Spithead (Lab): My Lords, I am sure that the Minister will agree that a key plank of any industrial strategy is the shipbuilding strategy which we were promised in the spring of this year. It is now past the summer solstice and by the time we sit again the September equinox will have come and gone, so which spring are the Government talking about, bearing in mind that the recent order for three frigates does not really solve the terrible problem of having too few escorts for our great nation? It is a national disgrace. So when will the shipbuilding strategy actually be on the streets?

Lord Prior of Brampton: I thank the noble Lord. The shipbuilding strategy will be an important part of our overall industrial strategy, and of course it is not just about naval shipbuilding, it is about civil shipbuilding as well.

Lord Patel (CB): My Lords, when do the Government intend to publish the life sciences industrial strategy? When it is published, will it be a definitive document with timelines over the next two, four, six and 10 years, or will it just be a wish list?

Lord Prior of Brampton: A strategy for life sciences is a critical part of our industrial strategy. It will be published imminently and certainly well before the industrial strategy is published in the autumn. It will not only set out a strategy for one year but look forward for at least 10 years.

Baroness Harding of Winscombe (Con): My Lords, does the Minister agree that it is competition that brings out the best not just in politicians but in businesses, whether they are small, medium or large? Can my noble friend assure us that the industrial strategy will not ditch this but instead strengthen our competition authorities?

Lord Prior of Brampton: I agree with my noble friend that competition is essential to drive improvement and progress. It is also important that government, industry and academia/universities work together very closely.

Lord Kinnock (Lab): My Lords, does the Minister recall that at the time of the publication of the Green Paper on industrial strategy there was considerable disappointment, which was entirely justified, at the scant mention of steel—indeed, it appeared once, on page 96? Can he give us an undertaking now that in the forthcoming White Paper there will be a cogent and effective strategy for steel to uphold the interests and competitiveness of this crucial foundation industry?

Lord Prior of Brampton: Steel is clearly a very important part of any industrial strategy, but I should make it absolutely clear to the noble Lord that this strategy is about the future and not just about incumbents. While there is an important future for steel, there is also the whole new world of digital technologies, which are also very important.

Lord Hennessy of Nympsfield (CB): My Lords, when your Lordships' House first debated the Green Paper on industrial strategy, I asked the Minister what were its magic ingredients that had eluded the framers of the previous nine industrial strategies since the Second World War. I wonder whether the consultation has shed any light so that he can give me a considered answer beyond the one that he gave me that day.

Lord Prior of Brampton: I fear that I may be giving the noble Lord almost the same answer, but there are two critical elements of the industrial strategy. One is technical skills, an area where, if we are honest, we admit that we have been struggling since the 1950s, and the second is to build on the extraordinary comparative advantage that we have in our universities.

Lord Stevenson of Balmacara (Lab): My Lords, the noble Lord will be aware of the independent Industrial Strategy Commission, which reported recently. It said that a key component of a successful and sustainable industrial strategy would be enhancing a state's purchasing and regulating power. Does the Minister agree? Will he give some examples of where that might happen, including in such areas as diversity and apprenticeship training, which have been so lacking in recent years?

Lord Prior of Brampton: There is no doubt that government procurement is critical; for example, in the construction industry. For example, Crossrail has built into a number of its contracts requirements for apprenticeship training and for using new technologies and small businesses. There is no doubt that procurement can be extremely important.

Baroness Bonham-Carter of Yarnbury (LD): My Lords, I congratulate the Government on their commitment in the Green Paper to an early deal for the creative industries sector, but how are they planning to support skills in that sector, which are so important, particularly given the prospect of Brexit, when they are not covered by the innovation and research budget? Is the DfE involved in discussion and happy to allow creative companies flexibility in their use of the apprenticeship levy?

Lord Prior of Brampton: The noble Baroness probably knows that Sir Peter Bazalgette will produce a paper for us on the creative industries. I am sure that he will make a number of recommendations about how we develop skills to support the creative industries. We should hear from him within a couple of months.

Baroness McIntosh of Pickering (Con): My Lords, does my noble friend agree that the industrial strategy should have a rural slant to it? Will he use his good offices to ensure that rural areas will have access to technologies such as broadband and mobile phone coverage, which is woeful at present?

Lord Prior of Brampton: My noble friend will be pleased to know that there is a commitment in our strategy to spend £740 million on improving our broadband and ensuring that 5G is made much more available around the country.

Business Rates Hardship Fund

Question

3.30 pm

Asked by ***Lord Naseby***

To ask Her Majesty's Government what action they are taking to ensure that those businesses eligible for support from the business rates hardship fund receive that support without delay.

Lord Naseby (Con): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I declare an interest, as a member of my family works in the retail trade.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Northern Ireland Office (Lord Bourne of Aberystwyth) (Con): My Lords, the Government confirmed local authority allocations for the discretionary relief scheme in April 2017. This enabled councils to press on with implementing their local schemes. We have been clear that we expect authorities to provide this support to hard-pressed businesses without delay. Ministers have written to council leaders clearly setting out this expectation. Some authorities have already issued reduced bills, and we continue to urge other councils to follow suit as quickly as possible.

Lord Naseby: My Lords, is it not a fact that very few councils have implemented this? Here we are, a third of the way through the year, and that is having a huge effect on cash flow. In certain areas, the bailiffs are going in. Against that background, what further action will Her Majesty's Government take to make sure that this all happens in the next month? Surely, that is not asking too much. After all, if we believe that the high street is vital to our economy, perhaps we should look further and reflect that it is no good for this country to have the highest business rates in Europe. If we are going to have successful small businesses and a successful high street, surely we have to go down the league table in that regard.

Lord Bourne of Aberystwyth: My Lords, my noble friend is absolutely right about the importance of the high street. The Chancellor announced £435 million-worth of relief in the Budget and, as I have indicated, allocations have been made to local councils. We are certainly looking to them to implement this; some have set a good example—such as Leeds and Haringey—and we are looking to others to do the same. We will certainly consider what further action we need to take if they do not comply with our instructions.

The Earl of Lytton (CB): My Lords, will the Minister explain why the means of claiming small business rates relief is often hidden away in obscure parts of billing authority websites? Furthermore, given the need for an accessible redress system, when will the check, challenge and appeal process for online rating appeals move beyond the beta test stage?

Lord Bourne of Aberystwyth: My Lords, the noble Earl is right about the importance of small business and rural rate relief, and we are very clear about that. As part of the £435 million package we have set out how that is to operate, and we are looking to local councils to implement it—and they are doing do. He is absolutely right also about the importance of the check, challenge and appeal system operated by the Valuation Office Agency, and we are in close contact with it to make sure that that is working effectively.

Lord Kennedy of Southwark (Lab): My Lords, I refer the House to my interests in the register. Does the Minister agree that it is time to fundamentally reform the business rates system to support our high streets? As more and more online shopping develops, we need a fairer system of business taxation that takes this into account.

Lord Bourne of Aberystwyth: My Lords, the noble Lord is right about the importance of ensuring that we have a fair system. We will be looking at possible reforms of the business rates systems during the course of this Parliament. But in the meantime, as the noble Lord has correctly pressed us, it is important that relief schemes are operating as effectively as they should be. That is why I once again appeal to noble Lords to, where necessary, contact their own local authorities and put pressure on them to make sure that the relief that has already been allocated is passed on to businesses.

Lord Deben (Con): Could my noble friend put a greater emphasis on this? We need this change now and cannot wait for it, because otherwise the high street will die.

Lord Bourne of Aberystwyth: My Lords, my noble friend is right, and we are going to look at possible reforms to the rating system during this Parliament. In the meantime, the Government have been very clear—in 2016 through a package of £9 billion-worth of relief, and again in 2017, with £435 million-worth of relief—on how we can ensure that assistance goes to businesses on our hard-pressed high streets. Once again, I encourage local authorities to pass that money on.

Baroness Pinnock (LD): Would the Minister confirm that one problem with implementing the business rates relief is with the IT software provided to local councils by private suppliers? Secondly, he will be aware that this grant system is over a four-year funding regime that tapers towards the end of that period. Is he willing for there to be flexibility in the year-on-year funding—in other words, if there is underspend one year to push it over into the next year—so that businesses do not lose out?

Lord Bourne of Aberystwyth: My Lords, the noble Baroness raises a variety of issues. The issue about software relates to just the small business rate relief; it would not apply to the discretionary relief so is not an issue there. My honourable friend the Minister, Marcus Jones, contacted software providers yesterday to indicate that we expect them to ensure that bills are reissued by 21 August. In relation to points made earlier about a further month, I think that is fair. On the issue about the system in relation to the other relief package, clearly it is important that that money is passed on. We seek to ensure that that is done. I will write to her about flexibility, but that seems a fair point within the package. At the moment, the important point is that local authorities have the allocations and they should pass on that money.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend—

Baroness Rebuck (Lab): My Lords, would the Minister comment on the cultural consequences of the 275 towns that will lose their bookshops—sometimes their only bookshop?

Lord Bourne of Aberystwyth: My Lords, the discretionary relief scheme is just that: it is discretionary for local authorities to come up with their own criteria. We want them to be innovative. I have great personal sympathy with the point that the noble Baroness made. I am a great user of independent bookshops. One can think of many areas where bookshops are vital to a town, but that is something for the local authority to respond to. They can do that by being creative within their own scheme.

Lord Forsyth of Drumlean: My Lords, as the Clock seems to have stopped, I will ask this. While welcoming the relief on business rates, could my noble friend recognise that companies such as Amazon use the high street as a shop window? They themselves pay no or limited tax. Do we not need to look radically at some sort of tax on internet sales so those on the high street can compete fairly?

Lord Bourne of Aberystwyth: As always, my noble friend makes a valid point. I also noticed that the Clock seems to have stopped. That is often the case when I am answering Questions. In relation to his valid point, I restate that we will look during the course of this Parliament at possible reforms to the business rate system.

Hereditary Peers By-election
Announcement

3.38 pm

The Clerk of the Parliaments announced the result of the by-election to elect a Cross-Bench hereditary Peer in accordance with Standing Order 10.

Twenty-seven Lords completed valid ballot papers. A paper setting out the complete results is available in the Printed Paper Office and online. That paper gives the number of votes cast for each candidate. The successful candidate was Lord Vaux of Harrowden.

City of London Corporation (Open Spaces) Bill

New Southgate Cemetery Bill [HL]
Motions to Approve

3.38 pm

Moved by ***The Senior Deputy Speaker***

City of London Corporation (Open Spaces) Bill

That this House agrees with the order made by the Commons set out in their message of 11 July.

New Southgate Cemetery Bill [HL]

That the Commons message of 11 July be now considered; and that the promoters of the New Southgate Cemetery Bill [HL], which was originally introduced in the House of Lords in Session 2015–16 on 25 January 2016, may have leave to proceed with the Bill in the current Session according to the provisions of Private Business Standing Order 188B (Revival of bills).

Motions agreed.

Joint Committee on Consolidation etc. Bills

Joint Committee on Human Rights

Joint Committee on Statutory Instruments

Secondary Legislation Scrutiny Committee
Membership Motions

3.38 pm

Moved by ***The Senior Deputy Speaker***

Joint Committee on Consolidation etc. Bills

In accordance with Standing Order 51, that, as proposed by the Committee of Selection, the following Lords be appointed to join with a Committee of the Commons as the Joint Committee on Consolidation etc. Bills:

Andrews, B., Armstrong of Ilminster, L., Bridgeman, V., Carswell, L., Eames, L., Eccles, V., Hanworth, V., Mallalieu, B., Plant of Highfield, L., Razzall, L., Seccombe, B., Thomas of Winchester, B.

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House.

Joint Committee on Human Rights

That a Select Committee of six members be appointed to join with a Committee appointed by the Commons as the Joint Committee on Human Rights:

To consider:

(a) matters relating to human rights in the United Kingdom (but excluding consideration of individual cases);

(b) proposals for remedial orders, draft remedial orders and remedial orders made under section 10 of and laid under Schedule 2 to the Human Rights Act 1998; and

(c) in respect of draft remedial orders and remedial orders, whether the special attention of the House should be drawn to them on any of the grounds specified in Standing Order 73 (Joint Committee on Statutory Instruments);

To report to the House:

(a) in relation to any document containing proposals laid before the House under paragraph 3 of the said Schedule 2, its recommendation whether a draft order in the same terms as the proposals should be laid before the House; or

(b) in relation to any draft order laid under paragraph 2 of the said Schedule 2, its recommendation whether the draft order should be approved;

and to have power to report to the House on any matter arising from its consideration of the said proposals or draft orders; and

To report to the House in respect of any original order laid under paragraph 4 of the said Schedule 2, its recommendation whether:

(a) the order should be approved in the form in which it was originally laid before Parliament; or

(b) the order should be replaced by a new order modifying the provisions of the original order; or

(c) the order should not be approved;

and to have power to report to the House on any matter arising from its consideration of the said order or any replacement order;

That the following members be appointed to the Committee:

Hamwee, B., Lawrence of Clarendon, B., O'Cathain, B., Prosser, B., Trimble, L., Woolf, L.

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

That the quorum of the Committee shall be two;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

Joint Committee on Statutory Instruments

In accordance with Standing Order 73 and the resolution of the House of 16 December 1997, that, as proposed by the Committee of Selection, the following members be appointed to join with a Committee of the Commons as the Joint Committee on Statutory Instruments:

Bloomfield of Hinton Waldrist, B., Lexden, L., Meacher, B., Morris of Handsworth, L., Rowe-Beddoe, L., Rowlands, L., Scott of Needham Market, B.

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House.

Motions agreed, and a message was sent to the Commons.

Secondary Legislation Scrutiny Committee

That Baroness Finn be appointed a member of the Select Committee in the place of Lord Hodgson of Astley Abbotts, resigned.

Motion agreed.

Personal Statement

3.39 pm

Lord Flight (Con): My Lords, I apologise to the House. In my question on Guernsey, I should have referred to my interests, particularly as a regulator in the Guernsey Financial Services Commission.

Pensions

Statement

3.39 pm

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con): My Lords, with the leave of the House, I shall repeat an Oral Statement given in another place by my right honourable friend the Secretary of State for Work and Pensions on the state pension age review. The Statement is as follows:

"Last year the Government commissioned the Government Actuary and John Cridland CBE to produce independent reports to inform the first review of the state pension age required under the Pensions Act 2014. I am very grateful to John Cridland for his contributions to the evidence base. Over the course of his review, evidence was put forward by a wide range of people and organisations. I am grateful to everyone who took the time to engage.

Today I am publishing the Government's report on this review. This Government are determined to deliver dignity and security in retirement, fairness across the generations and the certainty people need to plan for

[Baroness Buscombe]
old age. In the review, I am setting out how we will achieve these things. As part of this publication, we have set out a coherent strategy targeted at strengthening and sustaining the UK's pensions system for many decades to come.

This is about the Government taking responsible action in response to growing demographic and fiscal pressures. That is why today I am announcing the Government's intention to accept the key recommendation of the Cridland review and increase the state pension age from 67 to 68 over two years from 2037. This brings forward the increase by seven years from its legislated date of 2044-46, in line with the recommendation made by John Cridland and following careful consideration of the evidence on life expectancy, fairness and public finances.

In 1948, when the modern state pension was introduced, a 65 year-old could expect to live for a further 13 and a half years. By 2007, when further legislation was introduced to increase the state pension age, this had risen to around 21 years. In 2037 it is expected to be nearly 25 years. As the Cridland review makes clear, the increases in life expectancy are to be celebrated, and I want to make it clear that, even under the timetable for the rise that I am announcing today, future pensioners can still expect to spend on average more than 22 years in receipt of the state pension.

However, increasing longevity also presents challenges to the Government. There is a balance to be struck between the funding of the state pension in years to come and ensuring fairness for future generations of taxpayers. The approach I am setting out today is the responsible and fair course of action. Failing to act now in light of compelling evidence of demographic pressures would be irresponsible and place an extremely unfair burden on younger generations.

While an ageing population means that state pension spending will rise under any of the possible timetables we have considered, the action we are taking reduces this rise by 0.4% of GDP in 2039-40—equivalent to a saving of around £400 per household, based on the number of households today. Our proposed timetable will save £74 billion to 2045-46 when compared with current plans, and more than £250 billion to 2045-46 when compared with capping the rise in the state pension age at 66 in 2020, as the party opposite has advocated.

It is the duty of responsible government to keep the state pension sustainable and to maintain fairness between generations. That is why the Government are aiming for the proportion of adult life spent in receipt of the state pension to be up to 32%. We believe that this is a fair deal for current and future pensioners. We will carry out a further review before legislating to bring forward the rise in the state pension age to 68, to enable consideration of the latest life expectancy projections and to allow us to evaluate the effects of rises in the state pension age already under way.

This Government have a proven record on helping people plan for their retirement. Alongside our automatic enrolment scheme, which has already brought the benefits of private pensions to nearly 10 million people since its inception, we have set out plans to enhance the availability of impartial consumer advice through schemes such as the single financial guidance body and the pensions dashboard. Today, people have a much better idea of what their pension will be, bringing more certainty and clarity. This is something the Government will build on, making it easier for people to seek advice and make effective financial decisions.

I want Britain to be the best country in the world in which to grow old, where everyone enjoys the dignity and security they deserve in retirement. At the same time, we need to ensure that the costs of an ageing population are shared out fairly, without placing an unfair tax burden on future generations. To deliver this, we need to make responsible choices on state pension age".

I commend this Statement to the House.

3.46 pm

Lord McKenzie of Luton (Lab): My Lords, I thank the Minister for repeating the Statement and for advanced sight of it. We have been waiting keenly to see how and when Ministers would finally respond to the Cridland report but, frankly, the response is disappointing. Only yesterday Sir Michael Marmot described how a century-long rise in life expectancy was,

"pretty close to having ground to a halt".

John Cridland himself acknowledged in his report that inequality in pension outcomes remains, with certain groups in particular at risk of lower incomes in retirement. There are significant variations in life expectancy across socioeconomic groups.

Yet in this Statement, the Government have confirmed their intention to accept the headline recommendation of the Cridland report: that the state pension age should rise to 68 over a two-year period between 2037 and 2039. Astonishingly, there is nothing whatever in the Statement to acknowledge the issue of inequality in income and life expectancy. There is nothing in it about the huge variations in life expectancy in our country, or about how the Government will address improvements in morbidity—people's general health—not keeping pace with people's life expectancy. There is nothing about the wide variations in retirement income.

I would like to ask the Minister some questions. The Conservative Party election manifesto promised that it would,

"ensure that the state pension age reflects increases in life expectancy, while protecting each generation fairly".

How does the Minister justify that promise, given this Statement? The Statement says that the Government will carry out a further review before legislating to increase the state pension age to 68, in order to consider the latest life expectancy projections and evaluate the effects of rises in state pension age already under way. Does that mean that Ministers may not enact the rise in state pension age to 68 after all? Is this a policy or just an aspiration?

What is the Government's position now on the triple lock? Cridland recommended that it be abandoned; Labour pledged to keep it; the Tory manifesto pledged to ditch it from 2020 and move to a double lock, but the DUP rather likes it. Can the Minister clarify the Government's position on the future of the triple lock? What is her response to the Cridland recommendation

that those with caring responsibilities and ill health should be able to access pension credit a year earlier than the state pension age?

Labour has pledged early access to pension credit as a way to protect the WASPI group of women, who found themselves suddenly facing an increased state pension age without enough notice to enable them to plan. I hear that the Prime Minister was looking for ideas. Would she perhaps like to adopt this one? What is the Government's plan to communicate with people who will be affected by the change in the state pension age? What lessons have they learned from the debacle of their previous repeated accelerations of changes in the state pension age, resulting in so many WASPI women struggling in their final years of working life? What assurances can they give the House that this will not happen again?

The Minister referred to plans for the single financial guidance body and its support for consumers, but is not the state pension excluded from its operations, subject to amendments we will be considering later?

What is the Government's stance on the other Cridland recommendations? Will they commit to not raising the state pension age by more than one year in any 10-year period? Do they agree that conditionality in universal credit should be adjusted for those approaching state pension age to ease the transition into retirement? Do they accept the idea of statutory carers' leave along the lines of SSP? What about the proposal that those over state pension age should be able to part draw down the pension, deferring the rest?

This Statement raises more questions than it answers. We can only hope that the report, when we have had a chance to study it in detail, will elucidate some areas. Labour want a different approach to this pensions crisis, which means more work for millions and absolute chaos for 50s-born women who have already had their state pension age quietly pushed back. In our manifesto, we committed to leaving the state pension age at 66 while we undertake a review into healthy life expectancy, arduous work and the potential for a flexible state pension age which recognises years of work and contribution, as many other countries currently do. This would be an evidence-based approach that looks to understand the varied experiences of working people across the country and to respond to their needs.

Lord Kirkwood of Kirkhope (LD): My Lords, I am grateful to the Minister for robustly repeating the Statement. My eye was drawn to the last phrase, which she read with a flourish: "and this is what the Government are doing today". What are the Government going to do next week on some of these matters, particularly in relation to the triple lock? I support the questions addressed to the Minister by the noble Lord, Lord McKenzie. Most importantly—this was also addressed by the noble Lord, Lord McKenzie—if the Government are to secure dignity and security for retirement, at their next review they will need to look not just at average income data but at latter-day morbidity data as well.

The one thing that is missing from the Government's Statement and response is the fact that the totality of the policy is missing. The Government need to move in a way that releases and uses the £74 billion that we will save by this move in the public policy field between now and 2045-46 to mitigate, as Cridland suggests, some of the transitional protections and to make it easier for those who are reaching retirement but who are less able to work—the disabled, carers and people of that kind. I hope the Minister will be able to say that by the next review these transitional and support questions will be addressed using some of the savings that we are obviously making from this important policy announcement this afternoon.

Baroness Buscombe: My Lords, I thank noble Lords for their response to the Statement. We believe it is really important that we have a seriously responsible approach to this. The Opposition's wish to fix the state pension age at 66, even though they legislated to increase the pension age to 68, demonstrates a failure to appreciate the situation. Their approach would add £250 billion to national debt spending in 2040, which is equal to £20 billion a year borne by future generations. It is hugely important that we take these steps now, act responsibly and with care, and focus very much on intergenerational fairness.

The noble Lord, Lord McKenzie, asked about life expectancy. We will of course look at all life expectancy data very carefully, particularly following the report by Sir Michael Marmot. The current ONS projections are that life expectancy will continue to increase, but there is uncertainty around the rate of change in future life expectancy, which is why the state pension age review mechanism ensures regular six-yearly reviews. Long-term trends of increasing life expectancy mean we need to balance the needs of pensioners with the working-age generations who fund the pensions and health and care needs of an ageing population. As for the possibility that life expectancy may be falling, the latest ONS statistics show that 65 year-olds in the UK are expected to live over half of their remaining life in good health: 11.1 years for women and 10.3 for men. Healthy life expectancy has also been increasing over recent decades and, at age 65, has been relatively stable as a proportion of total life expectancy since 2000.

The noble Lord, Lord McKenzie, spoke about regional unfairness. John Cridland, in his report, concluded that there are no practical or workable ways to factor in variations in life expectancy, and there is no evidence of regional options being any fairer or more targeted at disadvantaged groups. Allowing early access to the state pension on a reduced basis would risk leaving people with an inadequate pension. Also, disadvantaged groups should be assisted, through working age, through the benefits system rather than through changes to the state pension age.

As for the triple lock, that will remain in place for the remainder of this Parliament. The noble Lord, Lord McKenzie, also asked about whether we are going to go ahead with this or not. We have said that the Government have decided that the rise in state pension age to 68 should take place between 2037 and 2039; however we will carry out a further review before legislating, to enable consideration of the latest life expectancy projections and to allow us to evaluate the current rises in state pension age.

[Baroness Buscombe]

In relation to carers, the new statutory entitlement to carer's leave is a BEIS-led policy. The Government are reviewing long-term carers' leave entitlements and will set out our plans in due course. Carers will not be disadvantaged by increases to state pension age. As society ages, and care needs increase, it is important that carers are able to combine caring with paid employment or to return to paid employment when their caring duties allow. We are working with employers nationwide to encourage the adoption of carer-friendly employment policies. Under universal credit, carers are provided with more flexible support, because their claims can remain open even when they move into work. The Government's *Fuller Working Lives* strategy, published in February 2017, sets out proposals to help carers combine work and care. The Government remain committed to the provision of a safety net to support pensioners who, for whatever reason, do not have a full state pension.

We are very much focused on improving communications. The intention is to provide people with adequate notice to give them clarity and certainty over their state pension. People can now use the online Check your State Pension service to get a forecast of their state pension, find out when they will reach their state pension age, how they may be able to improve their state pension and view their national insurance contribution record. Indeed, since its launch in February 2016, over 4.5 million state pension forecasts have been viewed online up to the end of June 2017. But, for any future changes, we will seek to make the position clear at least 10 years in advance. We recognise the need to provide transparency for future pensioners to facilitate effective retirement planning. The Department for Work and Pensions is looking at how best to take advantage of emerging technologies in the coming years, to build greater engagement in financial planning for later life.

The noble Lord, Lord McKenzie, also referred to the state pension. We will be discussing that very issue later this afternoon when we are in Committee on the single Financial Guidance and Claims Bill. The Opposition Front Bench also asked whether we are supporting John Cridland's proposal to increase the state pension age once per decade, which means the next increase would not occur until 2047-49.

We do not support John Cridland's proposal to commit to only one year's rise every 10 years, as this would limit the Government's ability to respond to future changes in life expectancy and would go too far in removing the link between when we change state pension age and the proportion of life people can expect to spend in receipt of state pension. However, we recognise the need for appropriately spaced rises. In the past, the UK has been slow to take account fully of life expectancy increases. This has led to changes to state pension age in three Acts of Parliament in the past 10 years, as noble Lords will know.

Thanks to the action we have now taken, however, the UK state pension is now on a firmer footing. The state pension age review framework should maintain that position through its greater responsiveness to changing life expectancy projections. This will ensure a stable state pension system in the future. That is our focus: a sustainable pension so that future generations can enjoy state pensions.

Using the 32% proportion of adult life spent over state pension age as our longer-term benchmark balances the need to maintain an affordable state pension against the need to give people clarity about what they can expect from the state: security in retirement and confidence in the value of private pension savings. I hope this in large part covers the questions raised by the noble Lords opposite.

4.03 pm

Baroness Drake (Lab): My Lords, it is the role of the Government Actuary, as set out formally in legislation, to advise the Government on trends in life expectancy to inform the state pension age. His duties are quite clearly set down in that respect. The John Cridland review was intended also to embrace wider considerations, such as socioeconomic differences and other matters, so it is disappointing that the Statement does not respond on any such issues at all—not one. I was quite surprised by that, so I take the opportunity to raise one associated issue that was addressed by John Cridland and on which he made a recommendation.

We know that auto-enrolment has seen the rise of defined contribution workplace pension saving as a mass market, and it is anticipated that some £1.7 trillion will be held in workplace schemes by 2030, which is all good news for pension savings. However, as more workers save into DC schemes, the financial capability challenge gets greater, because millions have to manage more complexity and choices. I ask the Minister: will the Government take the opportunity of the Financial Guidance and Claims Bill, the purpose of which is to raise the capacity of people to make informed financial decisions, to implement John Cridland's recommendation and put into legislation universal access for all those in their 50s to get a mid-life financial MOT?

Baroness Buscombe: My Lords, I thank the noble Baroness for her question. I am conscious that she knows an enormous amount more than I do about the whole issue of pensions. A number of wider recommendations were put forward by John Cridland, and the Government have been listening responsively to the whole question of a mid-life MOT. This will be part of an ongoing review process. Whether or not it is right for that to be in the legislation on the single financial guidance body is another issue, but I assure the noble Baroness that the Government believe that this, among other recommendations, is seriously worthy of further review and discussion.

Baroness Neville-Rolfe (Con): My Lords, I welcome my noble friend's responsible approach and agree on the scale of the financial challenge that we face and the need for a big shift in the interests of intergenerational fairness, especially given the problems that youngsters have in buying their own homes, which are of course another form of support in old age. My question is different: why are the Government not going faster, bringing these changes in more quickly and, perhaps, going further up the age range?

Baroness Buscombe: I thank my noble friend for her question. Together with my noble friend, I have the good fortune to have not so young children with young families. They are questioning how sustainable even our current proposal will be, given that the burden on the next generation of funding public services in this country is ever increasing. I have talked to some in their late teens and early 20s who seem surprised that the working age should cease at 68: they think it should go on rather longer. Indeed, your Lordships' House is an example where people want to and are capable of working late into life. There is no question but that we should keep the whole issue of state pension age under review. That is why we have set out a clear pathway for the future.

Baroness Hollis of Heigham (Lab): My Lords, I think we all share the Minister's view that any future settlement needs to reflect life expectancy, fairness and public finances, but the fourth question, which she referred to briefly in response to the noble Lord, Lord Kirkwood, is not mentioned at all in the Statement—although John Cridland has tried to address it in meetings that we have had with him where some of us have pressed him on this issue—which is healthy life expectancy. We know that the gap in life expectancy between men and women is narrowing, which is good. We also know that the gap in life expectancy by social class—As and Bs as opposed to Ds and Es in the old census formula—is widening. For them, for every extra year of life expectancy, anything between six and 10 months of it will be in very poor health. In other words, every year gained in life expectancy for the bottom third of our population is a year in poor health. Therefore, people can leave their working life without a healthy year of retirement in their future: they will start with disability. The Minister mentioned that there would be responses in the benefit system to those in that situation. Will she move away from the concept of benefits and all the problems associated with universal credit, PIP and the rest of it, which are now coming through in horrifying forms, and instead think about the expansion of pension credit, which is much more closely connected to pensioner incomes rather than working-age incomes, as a way of ameliorating the situation of those who are unable to draw their state pension at an early enough age, denying them even a single year of healthy retirement?

Baroness Buscombe: I thank the noble Baroness for her question. We are trying to look at what a suitable state pension is that rises in line with life expectancy and is fair across the board. I know the noble Baroness is very keen on the whole issue of fairness across all the socioeconomic areas, as it were. We are quite clear in our minds, having studied Cridland, that the reality is that our strategy is built on a solid evidence base that has been aided substantially by the two contributions from John Cridland and the Government Actuary. In fact, Cridland's review took into account evidence provided by over 150 stakeholders. The question of life expectancy has gone up for all socioeconomic groups over the last 30 years, and for all constituent countries of the UK over the past decades. As I say, John Cridland did extensive work on this and concluded that a universal state pension age remains the best system as it provides simplicity and clarity, which enables people to plan for their retirement. As I have said, Cridland concluded that there are no practical or workable ways to factor in variations in life expectancy, and there is no evidence of regional options being any fairer or more targeted at disadvantaged groups. Allowing early access to the state pension on a reduced basis would risk leaving people with an inadequate pension. We believe that disadvantaged groups should be assisted through the working-age benefits system rather than through changes to the state pension age.

It is important to add that we should not see the issue of increasing the state pension age as one whereby we are bringing in a situation that is necessarily making it more difficult for people as they grow older, given that older workers can bring decades of valuable knowledge and experience to the workplace. This is all seeming rather doomy, but actually we should celebrate the fact that life expectancy is increasing. There are now 8.7 million people aged 50 to 64 in work, which is a record high, and more than 1.2 million people aged 65-plus who choose to remain in work. In 2017, we launched the *Fuller Working Lives* strategy in order to encourage more employers to take advantage of the benefits that older people bring. We are calling on employers to boost the number of older workers, not write people off once they reach a certain age.

Lord Boateng (Lab): My Lords, it may be that I am just getting older and more irascible and that I am just another angry old man, but I really do not see what there is to celebrate if you are old and poor and doing a manual job. It is perfectly true that life expectancy is increasing, but it is not getting any easier to get older. Surely we all understand that. What is lacking from the Statement and the Government's response is any sense of justice around the process of being old, poor, disabled or a carer.

Baroness Buscombe: My Lords, I have to say I entirely disagree with the noble Lord. I listened to some of the comments made by his party in another place and I found them shocking in relation to the way that old people are referred to, as if old people are somehow rather useless and "worn out"—I think that was one of the expressions used at the other end. My young, who will be hitting retirement when this comes into fruition, would take that very poorly. We are looking for every opportunity to find ways to improve healthy working lives for everyone. If one was a little more positive about this, one would accept that it is totally unfair to ask young people today and tomorrow to be saddled with such an enormous burden as the party opposite want to impose on the young people of today and those who are very much in their youth. The idea of the party opposite is that we should add £250 billion to the debt because—even though it legislated to increase the retirement age to 68—it now says that, somehow, we are not being kind to people in poor health who are unable to work up to the state pension.

The welfare system provides a safety net for those experiencing hardship, with a range of benefits tailored to individual circumstances. Indeed, the Government are committed to supporting the vulnerable, spending around £50 billion a year on benefits to support

[Baroness Buscombe]
disabled people and people with health conditions, which equates to more than 6% of all government spending. I recognise that this change will have a bigger impact on people with lower life expectancy, but we agree with Cridland that a universal state pension is important for simplicity and clarity for planning purposes. There have been substantial improvements in life expectancy at 65 across all socioeconomic groups over the last 30 years. This means that change is needed for fairness between the generations.

Lord Kerr of Kinlochard (CB): My Lords, the Minister mentions "fairness between the generations". Would she apply that eloquence to explain the retention of the triple lock?

Baroness Buscombe: My Lords, I simply repeat that we have decided to retain the triple lock for the remainder of this Parliament. I had rather hoped that noble Lords who take advantage of it would welcome it.

Prisons and Youth Custody Centres: Safety

Statement

4.16 pm

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, with the leave of the House I shall now repeat in the form of a Statement the Answer to an Urgent Question asked in another place on safety in prisons and youth custody centres. The Statement is as follows.

"Independent scrutiny is an essential part of our prison system and I thank the Chief Inspector of Prisons and his team for the work that they do in delivering this, including through his annual report. His report raises some important issues in relation to safety and security in prisons and youth custody.

We have been clear that a calm and ordered environment needs to be created to ensure effective rehabilitation, and that achieving this is our priority. The current levels of violence, self-harm and self-inflicted deaths in the adult estate are unacceptable. The issues in our prisons have deep roots. While they will not be addressed overnight, we are combining immediate action to stabilise the estate with significant additional investment. For example, we are investing £100 million a year to bring in an additional 2,500 prison officers by the end of 2018. We are already making significant progress, with a net increase of 515 prison officers in post at the end of March compared to the previous quarter.

The annual report highlights particular issues regarding the youth estate. I reassure the honourable Member that the safety and welfare of every young person in custody is of paramount importance to me and that we are clear that more needs to be done to achieve this. In response to Charlie Taylor's review of the youth justice system last December, the Government acknowledged the serious issues that the youth justice system faces, which is why we are reforming the system. Let me give three examples of the progress that we are making. We have created a new youth custody service, with an executive director, for the first time in the department's history. The development of a new youth justice specialist officer role ensures that more staff can be specifically trained to work with young people, boosting the numbers on operational frontlines in YOIs by 20% and recruiting workers specifically trained to work within the youth sector. The introduction of a more individualised approach for young people is focused on education and health, enhancing the workforce, improving governance and developing the secure estate.

Finally, in his report, the chief inspector expressed disappointment about the implementation rate of his recommendations. I recognise this concern, and to address this, we have created a new unit within Her Majesty's Prison and Probation Service to help ensure recommendations are taken forward in a timely manner, and to track how they are being implemented by prisons.

The issues within our prisons will not be resolved overnight, but we are determined to make progress as quickly as possible and I hope that honourable Members on both sides of the House will support our plans for reform".

4.20 pm

Lord Beecham (Lab): My Lords, the Chief Inspector of Prisons describes a "staggering decline" in safety in young offender institutions and secure training centres, not one of which is,

"safe to hold children and young people".

He asserts that the current state of affairs is,

"dangerous, counterproductive and will inevitably end in tragedy unless urgent corrective action is taken".

Adult prisons have seen,

"a dramatic and rapid decline"

in standards, with a rising incidence of violence and drug abuse, but also shocking sanitary conditions. What urgent action will the Government now take to address the scandalous state of our prisons, and in what timeframe? Is it not time to acknowledge that having the fourth highest incarceration rate in Europe contributes to the shameful state of the service?

Lord Keen of Elie: I am obliged to the noble Lord, Lord Beecham, for his observations. First, on the safety of the youth estate, since his report was published the inspector has acknowledged that at the institution at Werrington, the standard of safety for both inmates and staff is at a scale of three out of four: that is, at 75%. Of course, the fact that one of these institutions has achieved such a level of safety takes us only so far. We will seek to emulate those standards across the entire estate going forward, but it is not the case that all these institutions have failed. I accept, however, that the failure reported upon by the inspector is unacceptable and has to be addressed.

As the noble Lord may recollect, we have already committed to spending £1.3 billion on the prison estate. In addition, I note that Her Majesty's Prison Berwyn, which has been completed, now has 430 places in use, and, once fully operational, will have a further new 2,100 prison places. That is but a step but it is a step in the right direction. As for periods of incarceration, I note that the level of sentences imposed for violent

and sexual crimes over the past decade has increased. That, of course, has an impact upon the prison estate. That is a feature that we have to take into consideration in looking at the overall operation of the system. But we cannot lose sight in this context of the issue of public safety.

Lord Marks of Henley-on-Thames (LD): My Lords, the chief inspector reports that he is,

"appalled by the conditions in which we hold many prisoners",

and that far too often he had seen,

"men sharing a cell in which they are locked up for as much as 23 hours a day, in which they are required to eat all their meals, and in which there is an unscreened lavatory",

while,

"staff shortages make it impossible to provide a decent, rehabilitative environment".

Do the Government recognise this as a crisis which disgraces Britain? The Minister's Answer suggests complacency. We are not making significant progress. The chief inspector says that we are having,

"a dramatic and rapid decline".

We now have a custody system that is redolent of "Midnight Express". Never mind the nasty party, on prisons we are becoming the nasty country. Will the Government act now to reduce prisoner numbers, renew the prison estate, reduce overcrowding, radically raise staffing and tackle violence of all forms?

Is the MoJ powerless to persuade the Treasury to spend more on reducing reoffending to save offenders' futures, at the same time saving much of the £13.5 billion annual cost to the public purse of reoffending?

Lord Keen of Elie: I am obliged again to the noble Lord, Lord Marks. Complacency is not a badge that can properly be applied to the Government with regard to the issue of prisons and the prison estate.

Lord Lee of Trafford (LD): Or to the coalition Government.

Lord Keen of Elie: This matter has not arrived overnight or over the past two years—in a sense, this has been a long time coming. We have seen an increase in the prison estate from 40,000 or so about 15 years ago to about 85,000 today. Again, that did not happen overnight. It reflects a number of different changes in policy, including changes in sentencing policy. But looking to what we are doing today, we are already committed to and involved in an expenditure of £1.3 billion on the prison estate. We have already opened and are developing the prison at Berwyn to provide a total of 2,100 new places. We are addressing the issue of staff shortages. We have already committed to bringing forward 2,500 further staff by 2018 and, as I noted earlier, in the last quarter, the net increase in prison officers has exceeded 500. Complacency is not a badge. Reaction and response to these difficulties are the mark of what the Government have been doing.

Baroness Masham of Ilton (CB): My Lords, what suggestions does the Minister have to eradicate gang warfare and bullying in young offenders institutions?

Lord Keen of Elie: The issue of violence within young offenders institutions is troublesome. One of the features of the young offenders regime is that over the past decade, the numbers within our youth custody regime have reduced from about 3,000 to about 900. That is in itself a success, but in doing that, we have concentrated a greater mix of very troubled young people within the remaining estate, who often have learning difficulties and mental health difficulties. Therefore, the issues of violence which go alongside that have to be addressed in a more positive and effective way. We are addressing how we can bring forward a further and improved regime of training, education and, of course, purposeful activity beyond just education, including sport. It is hoped also that we will be able to develop our plans for two new secure schools to put education at the heart of youth custody in the course of the present Parliament.

Lord Ramsbotham (CB): My Lords, I have said on a number of occasions in this House that I wished that Ministers would stop talking about an additional 2,500 staff. In fact, that is 2,500 inexperienced replacements for the 7,500 experienced staff who the Government wilfully removed. When I introduced the "healthy prison concept" in 2000, the first aspect of this was safety, but that concept was introduced for the inspection of prisons. It is quite clear from the chief inspector's report that the whole prison system fails the healthy prison concept for safety. During the Queen's Speech, a number of us regretted that the "prisons" part of the Prisons and Courts Bill had been dropped, and I appealed to the Prime Minister to think again. Surely this report is the biggest indictment of the prison system that we have had recently. I ask the Minister again whether the Government are prepared to think again about dropping the prisons part from the legislation.

Lord Keen of Elie: My Lords, we are not bringing forward 2,500 inexperienced prison officers; we are bringing forward properly trained prison officers to fill 2,500 places. We did not wilfully remove 7,500 prison officers; we closed 18 prisons and, in conjunction with that, there was a material decrease in the number of prison officers. Of course, we are committed to the idea of healthy prisons that can have a positive effect on the rehabilitation of inmates. With regard to the prisons Bill, I just make this observation: we are still committed to the provisions of the White Paper set out by the Government, many of which can be implemented without the need for primary legislation.

Lord Lee of Trafford: My Lords, when will the Government admit that the state has effectively lost control of many of our penal institutions, with violence against staff and prisoners at a totally unacceptable level and getting worse? Is not the only solution in the short term to call in military support to restore proper control, as I have urged before?

Lord Keen of Elie: We do not agree that it is appropriate or indeed necessary to have regard to military intervention in the civilian prison system. That would be a wholly unprecedented step that would

[Lord Keen of Elie]
not be welcomed, I suspect, in any quarter. In September last year, we rolled out a new test for psychoactive substances across the entire prison estate. I mention that because the presence of psychoactive substances within the prison estate is a major cause of violent behaviour, bullying, intimidation and further difficulties with staff. We have now invested £2 million to equip every prison across the estate with hand-held mobile phone detectors because, again, the presence of mobile phones is connected to the presence within the prison estate of drugs and other psychoactive substances. In addition to reducing the number of mobile phones within prisons, we have taken steps to reduce the quantities of drugs there. In 2016, prison staff recovered about 225 kilograms of illicit drugs across the prison estate. By taking these steps, we can effectively seek to reduce the level of violence between prisoners and towards staff.

Immigration Act 2016
Statement

4.32 pm

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, with the leave of the House, I shall now repeat a Statement delivered in the other place by my right honourable friend the Minister for Immigration.

"This Government are fully committed to helping and supporting the most vulnerable children. The UK has contributed significantly to hosting, supporting and protecting vulnerable children affected by the migration crisis. This is part of our wider response of taking 23,000 people from the region. We have already granted asylum, or another form of leave, to over 8,000 children. Local authorities across the country are currently supporting over 4,000 unaccompanied asylum-seeking children.

The children transferred under Section 67 are being cared for by local authorities across the UK. We take our responsibility to those children very seriously, and safeguarding them is of paramount importance.

Following consultation with local authorities, the Government have set the number of children who will be transferred under the Dubs scheme at 480. We have invited referrals of eligible children from France, Greece and Italy. Our officials at the Home Office have visited France, Greece and Italy in recent months and have put in place processes to identify and transfer eligible children.

In the last week I myself have spoken to my counterparts in Greece and Italy specifically on this issue and I will follow this up in face-to-face meetings in both those countries next week. It is important to remember that the process for transferring children must be implemented in line with each individual member state's national laws. All transfers of children to the UK must be carried out safely and with the best interests of those children at the centre of all decisions regarding transfer.

The ongoing work to transfer children under Section 67 is in addition to our other commitments. We continue to work closely with member states and relevant partners to ensure that children with family in the UK can be transferred quickly and safely.

Our approach continues to be to take refugees directly from conflict regions, providing refugees with a more direct and safe route to the UK, rather than risking a hazardous journey to Europe. We are committed to resettling 23,000 people from the region, and ours are some of the largest and longest-running resettlement schemes in the EU.

So far the UK has resettled more than 7,000 people under the Syrian vulnerable persons resettlement scheme and the vulnerable children resettlement scheme. Our schemes allow children to be resettled with their family members, thereby discouraging them from making the perilous journeys to Europe alone.

In closing, it is worth noting that families continue to arrive from the region. One family has arrived today; just yesterday 199 individuals arrived from the region; and 80 are due to arrive next week. This is all part of the Government's approach to helping the most vulnerable".

4.35 pm

Lord Rosser (Lab): I thank the Minister for repeating the Answer to the Urgent Question.

I have previously asked—without success—for the Government to provide the figures on the number of further unaccompanied children that local authorities have said they have the capacity to take in the current financial year, 2017-18, under Section 67 of the Immigration Act 2016, on the basis that government funding at the current level per child will be continued for further unaccompanied children coming here under the Dubs amendment in the current financial year. If I am again to be unsuccessful in getting an answer to that question, is it because, in the Government's view, that question is now irrelevant because it appears in the response to the UQ that the Government have now put a cap of 480 on the number of children who can come here under the Dubs amendment? This is surely the same figure applicable at the time of the PNQ on 27 April 2017, in the light of the addition of the further 130 children as a result of a government administrative error, when the Government also said,

"we have not closed the Dubs scheme".—[*Official Report*, 27/4/17; col. 1444.]

Surely, in the light of the response to the UQ, which appears to apply a cap of 480, that claim made on 27 April no longer stands up, and if I am right in saying that, frankly, that is a disgrace.

Baroness Williams of Trafford: My Lords, regarding the cap, the specified number was set out in legislation. It was initially 350, which was based on the consultation we carried out with local authorities. I have apologised before at this Dispatch Box—I apologise again—in that there was an administrative error and the figure then rose to 480. That figure is based on the number of children that local authorities can accommodate. It is right that we have not closed the Dubs scheme, which remains open. There are numbers to be filled and therefore the Dubs scheme is not closed.

Baroness Sheehan (LD): My Lords, we are receiving conflicting statements from the Government and local authorities. Will the Minister update the House on her department's working relationship with local authorities based on, first, evidence presented recently to the High Court by Help Refugees that local authorities had the capacity to accept a far greater number of unaccompanied minors than have currently been accepted? Secondly, freedom of information requests have shown that local councils have voluntarily offered to accept 1,572 more children in addition to those they already support. Does the Minister acknowledge this? In the light of this information, will the Government reopen Dubs and take their fair share of these children, who are at such risk that, according to Oxfam, 28 children a day are going missing from Italy alone?

Baroness Williams of Trafford: The Government have consulted fully with local authorities. We held roadshows up and down the country. The FOI response to which the noble Baroness has referred talks, I think, about spare capacity for 784 unaccompanied asylum-seeking children. These figures are entirely at odds with our consultation and do not reflect capacity among local authorities. Over recent weeks and months there has been a lot of misunderstanding about the purpose of the 0.07% threshold to which I assume she is referring. It is neither a target for the number of unaccompanied asylum-seeking children that we would expect to see in a local authority area, nor is it an assessment of a local authority's capacity to accommodate unaccompanied asylum-seeking children. It is an indication of when a local authority is caring for a disproportionate number of such children, as some local authorities are, and when we would expect to see them transfer away from that authority. Drawing conclusions about local authority capacity by automatically assigning them from their 0.07% threshold is a flawed methodology which fails to reflect existing capacity.

Baroness Butler-Sloss (CB): My Lords, I declare an interest as the co-chairman of the report on unaccompanied minors in Europe, which our committee launched last week. I want to make two points. Northern Ireland and Scotland have both offered to take children but we were told in evidence that neither of them has been invited to take any at all. I hope the Minister has read our report, which talks about children being teargassed daily by the riot police in northern France and the terrible conditions in both Italy and Greece. I wonder if she and others in the Government can see that, according to the evidence we received, no effort whatever is being made to identify Dubs children in Calais and Dunkirk or indeed in Italy and Greece. Moreover, no effort at all is being made to identify any of the children with an entitlement under Dublin III. This is a catastrophe for these children and I feel passionate about it. However, nothing seems to be being done.

Baroness Williams of Trafford: I recognise the passion of the noble and learned Baroness, and she and I have talked about this on a number of occasions. I have read her report. The first thing I should say about the treatment by police of children in France is a point I have made in the House before: the prime responsibility for unaccompanied children in Europe lies with the authorities of the countries in which the children are present. We continue to work with our European and international partners to reach a solution to the migrant crisis, and the UK has contributed significantly to that in hosting, supporting and protecting the most vulnerable children. We have a very strong track record on co-operating with France to manage the situation in Calais and protect the shared border. The safest way for eligible children to be transferred to the UK is by claiming asylum in France. Children with qualifying family members in the UK will be transferred to the UK to claim asylum where it is in their best interests to do so. Also, more children will be referred under Section 67 of the Immigration Act 2016.

The Lord Bishop of Durham: My Lords, more than 25,000 unaccompanied children arrived in Italy last year. The cut-off date for Section 67 was 20 March 2016, which means that none of the children who arrived in Italy after that date could be helped. Given that no children have yet been transferred from Greece and Italy under the scheme, will the Government consider resetting the cut-off date?

Baroness Williams of Trafford: The most reverend Primate will appreciate that people are killed when they travel from the region to places such as France. It is really worth the House noting that those who benefit most from refugees travelling to places in Europe are the people traffickers—the unscrupulous thugs who bring those people at great peril across the sea, many of whom die on the way. That is why we are so keen to help children and families in the region, rather than have them make that perilous journey. A change in the date, I am sad to say, would act as that pull factor.

Lord Dubs (Lab): Can I ask the Minister for a simple answer to a simple question? Once we have reached the total of 480 children that she says the Government will accept under Section 67, is that the end of it or will the Government respond to local authorities which are still saying that they are willing to take more? It is a simple yes or no.

Baroness Williams of Trafford: I hope that I can give the noble Lord a simple answer: the figure of 480 is a specified number, which the noble Lord will appreciate because it is the number that we agreed. The noble Lord well knows that local authorities do not take children just from the Dubs scheme but from other schemes; I know that he appreciates that, and that local authorities are limited by capacity. We are always willing to listen to and take advice from local authorities which feel that their capacity has improved, but I have to say to the noble Lord that we arrived at the specified number and we are bound by local authorities' capacity.

Financial Guidance and Claims Bill [HL]

Committee (1st Day)

4.46 pm

Relevant document: 1st Report from the Delegated Powers Committee

Clause 1: The single financial guidance body

Amendment 1

Moved by ***Lord McKenzie of Luton***

1: Clause 1, page 2, line 6, at end insert—

"( ) As soon as is practical after the completion of the transfer schemes referred to in subsection (7), the single financial guidance body must produce a business plan which must—

(a) outline its business plans for a minimum of three years;

(b) follow consultation;

(c) be informed by a comprehensive assessment of consumer need; and

(d) be updated annually."

Lord McKenzie of Luton (Lab): My Lords, I shall speak also to Amendments 2 and 3. Amendment 1 is a probing amendment designed to give the Government the opportunity both to expand on the process of creating the SFGB and, more importantly, to offer a greater understanding of the intended scale of the operation initially and going forward.

The amendment requires the production of a three-year business plan as soon as possible after the transfer schemes are completed. It requires that this be done following consultation, updated annually and informed by a comprehensive assessment of consumer need. At present, there appears to be no formal requirement in the Bill for there to be a business plan, although the response to the consultation of this month reminds us of the proposed publication of a framework document, which will provide further details of the governance arrangements under which the body will operate, including requirements for preparing, securing approval for and publishing its corporate and annual business plan. We know that SFGB will not be operational before autumn 2018, but perhaps the Minister might take the opportunity to expand on the timetable and say when the framework document is expected to be published.

As things stand—and we are grateful for a further meeting with officials on Monday—we have no information about the timing or sequencing of the transfer processes in Schedule 2, or certainty about what even the initial corporate and business plans might look like. Neither the response to the consultation, the impact assessment or the policy statement give any definitive information about the proposed initial scale of the operations of SFGB. Will SFGB have to commence within a funding envelope that reflects the existing arrangements? When will the SFGB levy components be set and how will they be consulted on? To what extent is it planned that efficiency savings arising from the amalgamation will be made available to the new body or applied to a reduction in the levies?

Is it envisaged that the Secretary of State will issue any initial directions or guidance to the SFGB in connection with the set-up arrangements? What parameters are to be given to the chair and chief executive on their appointment? At what stage in the process will they be in a position to influence the starting position of the new body?

There is a requirement in the Bill to make services available to those most in need. What initial assessment has been made of what this means in practice? Will the Minister outline for us how the transition is to be organised from the existing position to the introduction of the new body, and how smooth signposting can be secured?

Going forward, the NDPB will not be able to carry any reserves. So what will happen to the reserves and cash surpluses of MAS, which at March 2016 amounted to nearly £10 million—although they may have reduced since? Will these be available to the new body?

We know that MAS is to be dissolved, presumably at a point when a transfer scheme to the SFGB has been completed. Is it anticipated that any residual assets will be available at this point? If so, to whom will they accrue?

The landscape is changing for pensions and money advice. On pensions, we see the growth of auto-enrolment, provider signposting and pension freedoms; on money advice, the growth of those struggling with high levels of over-indebtedness and negligible savings. They amount to nearly 23% of the UK adult population—11.6 million consumers. The Bill may have a technical framework to deal with all this, but we are seeking to understand how it is to be resourced to meet these challenges.

Amendments 2 and 3 are minor matters. Amendment 2 relates to the non-executive members of the NDPB. At present, the Secretary of State must be satisfied that a person does not have a conflict of interest before being appointed. The amendment would require the Secretary of State to be so satisfied also from time to time in future. I think this is a fairly routine approach to these matters that would not cut across any obligation on members to declare their interests in the usual way.

Amendment 3 deals with executive member appointments. Under paragraph 6 of Schedule 1, the chief executives and other executives must be appointed before the SFGB provides services to the public. The amendment requires that this also must be the case before any of the Schedule 2 transfers are put into effect.

We are seeking to understand the scale of this body and how it will look. At the moment, we are lacking a lot of information and we hope that the Minister can help us on this matter. I beg to move.

Baroness Coussins (CB): My Lords, I support Amendment 1, and remind the Committee of the interest I declared at Second Reading as president of the Money Advice Trust, the national charity that provides free debt advice to individuals and small businesses through the National Debtline and the Business Debtline.

Amendment 1 corrects a notable omission in the Bill. Although the Bill requires the SFGB, as one would expect, to produce an annual report on its activities each year, there is no such provision for it to publish its business plan. Amendment 1 rectifies this quite effectively—and, perhaps more importantly, requires the body to consult on the preparation of this plan.

The Government have stated their intention that the SFGB should work in a consultative and collaborative way. Indeed, there are references to working with others elsewhere in the Bill. Amendment 1 would simply embed this consultative approach in the organisation, from the business plan down, and help set the appropriate

culture in what will be, after all, a new organisation. I hope that the Minister will agree that this is a helpful amendment and give it serious consideration.

Viscount Trenchard (Con): My Lords, I shall also comment on Amendment 1, proposed by the noble Lord, Lord McKenzie. I am not quite sure that I understand clearly everything it is trying to achieve.

I agree that to outline the business plans for a minimum of three years is a sensible move. Indeed, if that is not done and there is no requirement to outline the business plans, it is quite possible that those plans will not be adequately prepared. If they are prepared, it should also be clearer what efficiencies and savings could be achieved resulting from the merger of the three bodies. It is rather disappointing that the Government could say only that the costs and charges to the levies could be looked at and savings might be found in future, but in the short term the total charges to the levies would be roughly equivalent to what they are today. Perhaps the requirement to produce business plans would make it clearer where savings and efficiencies could be derived.

I am also not quite sure that the noble Lord's amendment passes the necessary clarity test. In proposed new paragraph (b), "follow consultation" is a bit vague. What consultation and with whom? Proposed new paragraph (c) says it must,

"be informed by a comprehensive assessment of consumer need".

Who provides such assessment, and in what detail? It is almost open ended. While I am sympathetic to the noble Lord's amendment, I could not support it in its present form.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con): My Lords, I thank the noble Lord, Lord McKenzie, for tabling these amendments on the establishment of the body, and the noble Baroness, Lady Coussins, and my noble friend Lord Trenchard for their contributions. The approach we have taken to the legislation is to create a high-level framework that enables the body to be responsive in its focus. I welcome this opportunity to talk in more detail about the transition from the existing services and how the body will operate going forward.

Amendment 1 seeks to specify requirements that must be met in relation to the single financial guidance body's business plans. Those requirements would be that business plans should cover a forward period of a minimum of three years and be updated annually; plans should be informed by an assessment of consumer need; and plans should be subject to public consultation.

The Department for Work and Pensions' arm's-length bodies are required to produce corporate strategies covering a forward period of three years. Corporate strategies must incorporate a detailed business plan for the first year. The business plan is then updated annually and discussed with the sponsor department before sign-off by the body's board. Corporate strategies and annual business plans are published and placed in the Library of both Houses. These requirements reflect Her Majesty's Treasury guidance that applies to all arm's-length bodies across government. As for other Department for Work and Pensions-sponsored bodies, these requirements will be written into the framework document that will be developed in the run-up to launch and agreed with the chief executive officer of the body. It will be reviewed regularly thereafter and will be published by the body.

The other requirements specified in Amendment 1 would make it necessary for the body to carry out a comprehensive assessment of consumer need to inform its business plans, and to consult on its business plans. I agree it is important for the single financial guidance body's plans and activities to be informed by robust data, and information about its customers and their needs. There will also be aspects of the body's work on which consultation will be helpful. Indeed, existing services have been developed and evolved based on data, research and consultation. We will ensure that this intelligence and experience are not lost in the transition.

As part of its functions, the body will liaise with stakeholders at strategic and operational levels all the time. This will include partners across the financial services industry, the devolved authorities and the public and voluntary sectors, informing the body's thinking as it puts its plans together. The existing services regularly consult on matters which seek to assess consumer need without a statutory requirement to consult; for example, this week MAS published a consultation on debt advice commissioning. The body will work in a complex landscape. Without consultation on its plans and assessment of consumer needs, it would be failing in its objectives, set out in Clause 2(8), if it did not continuously assess the needs of the public and consult widely on its activities.

5 pm

With regard to timing, the aim is to appoint the board members of the single financial guidance body—that is, the chair and non-executive members, and the chief executive and other executive members—as soon as the legislative process allows. So as not to pre-empt parliamentary authorisation, the Treasury's *Managing Public Money* sets out that expenditure on the implementation of a new service is allowable only before Royal Assent if specific conditions are met. These include that the Bill must have reached Second Reading in the Commons; that it is virtually certain to achieve Royal Assent with minimal change; and that early expenditure must be genuinely urgent in the public interest. If these conditions are met, the Treasury may make an advance from the Contingencies Fund for the expenditure to go ahead.

The exact timings will depend on the Bill's progress through Parliament, but the aim is to have the chair, chief executive and other board members in place within four to six months of approval of any Contingencies Fund advance and in sufficient time to actively participate in shaping the new body's strategy and design before the go-live date. All appointments will be conditional on the Bill receiving Royal Assent. If the Bill does not receive Royal Assent, the appointments will be cancelled. The body's first corporate plan and business plan will be published as soon as possible after the board and chief executive have been appointed —in any event, by the time that the body goes live.

[Baroness Buscombe]

There is also a question about what happens to the money currently held in reserves when MAS closes down and the SFGB opens. Does it simply transfer over? MAS reserves could be used for some of the body's set-up costs prior to launch. At the point of transfer, reserves will be transferred to the new body and should be used up in year. At the end of the year, any unspent reserves will be returned to the Consolidated Fund. As the new body will be a non-departmental public body of central government, it will not be able to hold reserves.

Amendment 2 seeks to give the Secretary of State an ongoing duty to ensure that he is satisfied that those appointed as non-executive members of the single financial guidance body do not have a conflict of interest. The noble Lord makes a good point—that it is important that non-executive members do not have a conflict of interest. However, I believe that the provisions in the Bill and elsewhere already offer sufficient protections.

Schedule 1 makes provision for the tenure and pre-appointment checks of non-executive members. A conflict of interest is defined as,

"a financial or other interest which is likely to affect prejudicially the discharge by the person of his or her functions as a member or employee of the single financial guidance body, or as a member of a committee or sub-committee of the single financial guidance body".

Schedule 1 also requires the Secretary of State to be satisfied that prospective non-executive members of the body do not have a conflict of interest. Paragraph 4(2) requires both existing and prospective non-executive members to provide the Secretary of State with information to determine whether they have a conflict of interest. Further, Paragraph 3 states:

"The Secretary of State may remove a non-executive member from office",

if they have a conflict of interest.

Finally, requirements around declaring conflicts of interest are also covered in the Department for Work and Pensions' terms and conditions of appointment for non-executive members of arm's-length bodies; for example, the department may terminate an appointment by giving notice in writing if a non-executive fails to declare any conflict of interest. While I appreciate the noble Lord's concern, I hope that I have reassured him that the Secretary of State will regularly satisfy himself that non-executive members of the single financial guidance body do not have a conflict of interest.

My noble friend Lord Trenchard questioned the issue of efficiency savings. Efficiencies are expected once the body is in a steady state in the medium term. We believe that it is too early to agree precise timings on this. Efficiencies are expected to come from back-office functions in particular, and will be redirected to front-line services.

I hope that noble Lords will accept that I have covered the questions raised. I also hope that the explanations I have given provide the assurance that they seek, and that the noble Lord will agree to withdraw Amendment 1.

Lord Kennedy of Southwark (Lab): I have looked at the amendment and listened carefully to what the Minister said. I agree very much with the comments of the noble Baroness, Lady Coussins. Nothing that the Minister said on Amendment 1 leads me to think that the Government are particularly opposed to these provisions. Is she saying that they are not necessary, or that they will be dealt with elsewhere? They all seem perfectly reasonable points to make, as any sort of future body would want to do these things—to have a business plan, to consult properly and to make sure that it does proper updates and seeks to be informed. Is it the intention that these things in the amendment can be done elsewhere and are not necessary to include at this point, but the Government are not opposed in principle to what the amendment says?

Baroness Buscombe: I hope I have understood the noble Lord. Is he suggesting that we should include all of this in the Bill?

Lord Kennedy of Southwark: No, I am just trying to clarify for the noble Baroness. Is she saying that, in principle, she sees the points that my noble friend Lord McKenzie is making in the amendment but that she does not think they are necessary to include at this point in the Bill?

Baroness Buscombe: I accept what the noble Lord says but I am also saying that what is necessary is already either in the Bill or, as I explained, in the requirements reflected in Her Majesty's Treasury guidance which apply to all arm's-length bodies across government. As for other DWP sponsor bodies, those requirements will be written into the framework document that will be developed in the run-up to launch and agreed with the CEO of the body. It will be reviewed regularly thereafter and published by the body.

Lord McKenzie of Luton: I thank the Minister for that reply and all other noble Lords who have participated in this debate. I thank the noble Baroness, Lady Coussins, for her support—in particular for the concept that this is a chance to embed in the culture of the new entity good practices around consultation and proper planning. I think that the noble Viscount, Lord Trenchard, also supported the broad thrust of what the amendment is trying to do. Ultimately, we are trying to get on to the record some clarity about the process. That was a key objective in tabling the amendment in this form.

The Minister said that the Bill is a high-level framework document and although I thank her for putting on to the record some comforting remarks about the things we were pursuing, I am still at a loss to understand the scale or scope of the new body and whether, on day one, it will look like an aggregation of the three existing operations. Will it be half that size or twice that size? We have no sense of that from this debate and it is a germane issue. As she says, this is a very high-level framework Bill and our one chance to address it in this House will come over the next few months, and then it will be gone. There are no parliamentary processes genuinely attached to the processes that the Minister outlined. I do not know whether any more could be said on that, but the other part of moving this amendment was to see what the concept was.

Again, is it expected that the new body will have to operate within the levy base at the moment, or will it be constrained in any way? Can the Minister give us some sense of what the new body will look like in terms of scale?

Baroness Buscombe: I again thank the noble Lord for these amendments. It is helpful to have on the record a little more detail about how the three bodies will transfer into one. It is important to emphasise that we cannot predict exactly what the new body will look like, and it would be wrong to try to do so. Initially we will bring the three bodies together but, over time, the three will evolve into one. It is important to protect current services during transition. We do not want to pin down, constrain or compromise the CEO and his board in their ability to produce the most effective single body out of these three bodies. Therefore, we must trust in them to some degree, although there has to be a lot of consultation during the process to produce something that will be much more efficient and, we hope, practical, particularly for the consumer, than what we have at the moment.

It is hoped that we will have sufficient finances to cover the transfer. The money currently held in reserves when MAS closes down, and the SFGB, could be used for some of the set-up costs if that is necessary. At the point of transfer, the reserves will be transferred to the new body and should be used up in year. The new body will be a non-departmental public body of central government and will not hold reserves. It is impossible to predict exactly how large the funds will be, but that is something that the board and the department will stay in touch with as the transition takes place.

Lord McKenzie of Luton: I thank the Minister for that further explanation—I think we are almost there. Only that big question remains unanswered.

Regarding the appointment of the chair and the chief executive, will they go before the Select Committee in the other place?

Baroness Buscombe: That is a good question. I do not have the answer, so I will write to the noble Lord.

Lord McKenzie of Luton: I am grateful for that. I think we have taken this as far as we can go this afternoon. I beg leave to withdraw the amendment.

Amendment 1 withdrawn.

Clause 1 agreed.

Schedule 1: The single financial guidance body

Amendments 2 and 3 not moved.

Schedule 1 agreed.

Schedule 2 agreed.

5.15 pm

Clause 2: Functions and objectives

Amendment 4

Moved by ***Baroness Altmann***

4: Clause 2, page 2, line 11, leave out "advice" and insert "counselling"

Baroness Altmann (Con): My Lords, this amendment goes to the heart of the consumer experience of what we are trying to do in the Bill. The single financial guidance body aims to provide holistic help, guidance, information and education to the public on their financial issues. The public are understandably often confused about what constitutes help, guidance, information and education versus what is called "advice" in a regulated sense. There is confusion at the regulatory level about the word "advice", which itself has fed through into the wording of the Bill.

I respectfully request that my noble friend the Minister carefully considers the perspective of the person coming to this single financial guidance body and expecting to receive a holistic service that will cover their financial circumstances, in particular the circumstances of somebody who has significant debts and is looking for assistance in managing those debts in the best way for them. In the past, without auto-enrolment, the issue would have much easier, which may be why we are in this position, because there would have been no expectation that somebody in significant debt could also be contributing to a pension scheme, and increasingly, that is likely to be the case. The Bill is very clear that when it comes to pensions, money and other finances, this body will only give guidance, but when it comes to debt the word used is advice, because that is the word that has been used always in the past.

I have been trying to understand the customer experience of someone who will be coming to this body. I am informed that if that person has large debts, and goes for what is called in this Bill "debt advice", the adviser will not be able to advise them on whether or not they should opt out of their auto-enrolment workplace pension scheme. Naturally, they would want to know that, but they cannot have a recommendation from this service, even though it is called an advice service. The only advice they can get is restricted and narrowly focused on what to do about the debt. We immediately have a potential confusion set up for the customer. We have an opportunity in the Bill to start to remedy this, but so far we have not.

There are two important points. First, advisers at the Citizens Advice money advice service have told me that the words "debt advice" are often off-putting for those who are in debt. They do not like terms such as "advice" or "financial advice" for some reason. Furthermore, the regulated activity is actually called "counselling", and the definition that the regulator uses for "debt counselling" says that it involves the several elements, including advice given,

"to a borrower about the liquidation of a debt due under a credit agreement".

It is clearly narrowly focused on that. The regulatory instructions in the manual about debt counselling spend quite some time trying to unpick what would constitute advice and what would not, but in each case what would constitute advice is not what one would consider to be independent financial advice on someone's whole financial circumstances. We are supposed to be setting up a holistic guidance body. I am entirely supportive of the aims of the Bill and am not trying in any way to undermine them—they are right. What I am asking noble Lords to consider is whether we can take this opportunity to change the wording in the Bill which says "debt advice" and to use "debt counselling" instead. From what I am told by the advisers, that would be better received by those who need help.

[BARONESS ALTMANN]
It would also be less misleading to those who might think that somebody can help them with the pension decision when this is not the case. I beg to move.

Viscount Brookeborough (CB): My Lords, I support this amendment. I was on the ad hoc Select Committee on Financial Exclusion, which produced the report *Tackling Financial Exclusion: A Country that Works for Everyone.* We spent a whole Session on it and we covered all these points. I suggest that those who have not looked at the report should do so, not only because I was on the committee but because it is quite concise. We went to places like Toynbee Hall and we saw people who were affected.

If I ask you for your advice, you can just tell me to do this and that, which is the point the noble Baroness is making. Advice may not be helpful, whereas counselling is a two-way thing. To invite people to counselling is not to invite them to take your advice—it is to invite them to discuss what they are willing to find out, and to give them options. It is not speaking to them, it is discussing and talking things through with them.

The word "debt", which has been mentioned, is not always helpful. Debt is almost considered a crime, but it is not. In fact, very often government institutions and regulations cause people to go into debt—so in many cases the debt is not even their own fault. We must remember that the Bill is about people, the way they think and are approached, and we want to encourage them to take this counselling. We do not want to ask them why they are here and then say, "Here is my advice". It should be about invitation and discussion. This is a very simple amendment and I support the change of words.

Lord Kirkwood of Kirkhope (LD): My Lords, it is a pleasure to follow the noble Viscount, Lord Brookeborough. I too served on the ad hoc committee and I was going to make exactly the same point. I was very struck by the visits the committee made to front-line staff; they are always impressive in terms of their commitment. They give of their time, mostly as volunteers, in various organisations and circumstances. There are always difficulties to contend with in terms of managing and assisting households to stick together—it is as serious as that. I support this amendment in the name of the noble Baroness, Lady Altmann. I trust her judgment; she has a lot of experience from a consumer point of view that this Committee would be ill advised not to consider seriously.

What is not to like about counselling? I do not see what the cost is. If there is a government communications programme to underline that, and the organisation is told that the tone and tactics it uses should be in that direction—if that is made crystal clear—it will be a serious service to assist the delivery of this important public function. Contrarywise, as the noble Baroness has said, if we do not take this opportunity, there is no way of rowing back. Should this Bill go on to the statute book with this inherent confusion, the damage will be done. This point is clear and has been well explained by the noble Baroness. It would not be safe for the Committee to pass by this amendment without careful consideration. I support it.

Viscount Trenchard: My Lords, my noble friend Lady Altmann has done us a great service by tabling her amendment and the others with which it is grouped, but I am not sure that the issue is as simple as all that. It clearly is not, and I fear that it will be difficult to solve all these problems. It is not just that there is a significant difference between the words "advice", "counselling" and "guidance" in the way that most people understand them. It is a pity that the good, much used and understood word "advice" has been partially hijacked in that it is part of a regulated activity when it is financial advice. "Counselling" has another connotation and insinuates that the person may also be suffering from some mental illness or disability. "Counselling" is also probably one of the most commonly misspelt words in the English language, because people confuse counsellor and councillor, and it is not so well understood or used.

My noble friend's amendments do not just replace "advice" with "guidance"—I am not sure whether, to the man in the street, one is clearer than the other. I understand the problem about the regulatory meaning of "financial advice", but sometimes we have "guidance" and sometimes we have "counselling". In Amendment 21, my noble friend refers to "individualised independent financial advice". In that amendment, she seeks to improve,

"public recognition of the distinctions in personal finance terms between 'education', 'information', 'guidance', 'counselling' and 'individualised independent financial advice'".

I fear that it is extremely unlikely, without huge expenditure and alteration to the schools programme at all levels, that we will get anywhere near an even basic understanding among the public of the difference in meaning between those terms. In Amendment 38, we have distinctions between "advice" and "guidance", but does "advice" mean only an activity regulated by the FCA? If so, that is a matter for regret, because "advice" is a very good word.

My noble friend is quite right to table the amendments. As was noted by several noble Lords on Second Reading—I apologise for not having been able to participate due to another pressing appointment—the Government have to consider carefully before deciding on the name and branding of the new body. People go to the citizens advice bureau, not the citizens counselling bureau, to get all kinds of advice, including advice on debt. I note that the Citizens Advice website avoids using the term "debt advice", preferring to talk about help with debt, although I believe that this gives the impression that the CAB can easily provide the panacea of debt relief through an individual voluntary arrangement. This is complicated, and my noble friend is quite right to raise it.

5.30 pm

Lord Haskel (Lab): My Lords, I served on the ad hoc committee, and I would like to add one point. One thing that came out loud and clear when we were working on the committee is that people's financial lives are very complicated. Everything is interrelated. People do not actually differentiate between their pensions, their debts or their mortgage—the whole gamut of things. I support the noble Baroness's amendment

because it describes more accurately the way in which people view their financial lives. They want advice on the totality, not just on one particular aspect, because they see it all as being interrelated. That is why I think this is probably a good amendment.

The Earl of Listowel (CB): My Lords, I hope the noble Baroness, Lady Altmann, will not mind my taking this opportunity, which was probably taken at Second Reading, to pay tribute to the work of organisations in this area, particularly to Toynbee Hall and the late Earl Attlee, who was a trustee of Toynbee Hall. When my father left university at Oxbridge, he went and lived in Toynbee Hall in the 1930s and learned a bit about what it was like living in that area at that time. It shaped Clement Attlee's view of the world, of course, so perhaps the welfare state that we have now is partly due to the work of Toynbee Hall. It gives advice to care leaders, and the noble Lord, Lord Northbrook, has spoken of the evidence that it gave him. It is organisations like that which have been providing support and advice to vulnerable families and individuals over many years that we really need to celebrate and give credit to.

Baroness Kramer (LD): My Lords, the amendments moved by the noble Baroness, Lady Altmann, are significant. They go to the heart of whether or not this new body is going to be structured in such a way, with a set of responsibilities and clear communication with the public, that will allow it to become properly effective. I think that is what everyone in the Committee both hopes and wants.

It is clear from listening to every Member across the Committee that we have a situation at the moment where the confusion between advice, counselling and guidance is intense. We need clarification around the use of language. The noble Baroness put it well in saying that this new body should be shaped, and therefore the legislation has to be shaped, from the perspective of the potential user, not from the perspective of the legal gurus whose primary objective is to bring three pre-existing bodies together—bodies that were set up in a different financial era with rather different purposes. I have no objection to them being brought together, but the primary purpose of the Bill is surely not to bring three bodies together but to end up with a body that meets the public need in handling the complexity of modern finance, ranging all the way through from debt at one extreme to savings and investments at the other, and recognising that most people in today's world are engaged right across that spectrum, sometimes at different phases of their life but often all at the same time. There are complications now when people get into debt, but obviously some of that debt is considered desirable in terms of mortgages. We have ISAs of many different kinds, all with somewhat different purposes.

Pension funds used to provide defined benefits but now we have defined contribution schemes. The Committee will be well aware that many people now with defined contribution schemes have pots that they are beginning to draw down and remove from their pension schemes. At this point in time, that may not be that significant, because for many people that will be a relatively small amount of money because the change in the structure of pensions has been recent, but with every year the group of people newly coming through to this opportunity to draw down is looking at a pension that represents a bigger and bigger piece of the financing that has to support them through the rest of their lives.

The general confusion has to be tackled urgently. I point the Committee to the Financial Conduct Authority report, *Retirement Outcomes Review*, a very recent document—within the last couple of weeks—which speaks almost with some despair about the percentage of pensions that are being drawn down without any advice being taken at all. The Committee may not be aware that,

"Accessing pots early has become 'the new norm'. 72% of pots … have been accessed by consumers under 65, most of whom have taken lump sums".

That is a huge change. The report says:

"Most consumers choose the 'path of least resistance'"—

in other words, they do not review the various options and instead go with their current provider when they do the draw-down. However,

"Many consumers buy drawdown without advice but may need further protection to manage their drawdown effectively".

The report talks about the risks of people,

"paying more in charges and/or tax",

than they should,

"choosing unsuitable investment strategies … losing valuable benefits",

and,

"running out of pension savings sooner than expected".

To get that group to take advice, we need a body that is fit for purpose. It seems to me that the amendments proposed by the noble Baroness, Lady Altmann, are exactly designed to create a body that is fit for purpose in its use of language, presentation of its programme and shaping of its objectives, because it will have worked through these issues of advice, counselling and guidance and eliminated the endless confusion, which is, I would suggest, one reason why many people have not taken advice—they are, frankly, so confused about the offer that is out there that they have no idea which way to turn. It is interesting that the FCA report at no point talks about people seeking guidance and therefore getting appropriate outcomes; it recognises that advice is the direction that will be essential for most people. This body surely has to play a role in that, so language clarity is required.

In reference to the title or naming of this new organisation, we note that the Government have kept to themselves the powers to name the organisation. They have not shared with us what the title will be but, as we talk about this language confusion, it is rather important. The Committee will also note that the Delegated Powers and Regulatory Reform Committee recommended that it should, in fact, be Parliament that sets the name, recognising the importance of that name both in shaping strategy and in making sure that communication with the public is as clear as possible and that the body does not continue to struggle with the existing difficulties that have set by terminology.

I hope that the Government will take this whole issue away, recognise its significance, work through it and come back with something that will let this new body be as effective as it could possibly be in meeting the public need.

Lord Stevenson of Balmacara (Lab): Well, my Lords, what is in a name? I start by declaring my interests: I am a former chairman of StepChange, the debt charity, and I am currently on the Financial Inclusion Commission, which is a group of all-party interests and experts that tries to lobby for increased financial inclusion and less financial exclusion. I mention StepChange for two reasons: first, because I have to declare it as an interest and, secondly, because it recently went through a change of name, which may bear on some of the points made in this debate. When I took over as chair, it was as chair of an organisation called the Consumer Credit Counselling Service—I could not say it without spitting out most of my teeth and I got very confused about the terminology.

As a matter of interest, at the time that I took over, the organisation was seeing over 500,000 people a year—so a lot of people—but we did not believe that the people whom we saw were "consumers" of our services in that classic sense. We did not deal with credit, because we were talking about people who were in debt. Now, obviously, debts and credits are simply optical illusions, one against the other, but people recognise them differently and, therefore, our name did not really say what we did. We did not do counselling —I am sorry to disappoint the noble Baroness opposite—and we were a service, but it was not just a service of advice. Our intention going into any engagement with anybody who rang us or contacted us through the web—I am sure this is also true of the Money Advice Trust, the Citizens Advice service and others working in this area—was that we wanted them to become debt free. In other words, it was a case not just of simply holding their hands and telling them what the options were but of working with them until they got to the point that they were debt free. I do not know where that fits in the catalogue of names with which the noble Baroness is enticing us, but I do not think that her amendment gets to the reality of the issue facing us.

The noble Baroness, Lady Kramer, is right to remind us above all that where we are trying to go with this organisation is to get to a place which will add value to those who approach it by providing impartial and independent advice which will get them to where they want to get to. There are real difficulties in trying to combine in one body the different bodies, organisations and ideas. The pensions work, the financial guidance work and the debt space are all very different. They are not operated at the same level but are regulated differently, and the information that is provided, the guidance, the counselling—all the other words that we are using—will change considerably.

Where I think the noble Baroness is right is that it would be entirely against the best interests of the people we are talking about if the body were set up in a way that did not create an opportunity to resolve the issues that were brought before it. The examples she gave were all relevant. I add one which we picked up in earlier discussions—I think it was raised on Second Reading—namely, that, at least initially, although I hope that it will change, it will not be possible for the new body, however named, to answer direct questions about individuals' state pensions. That seems to me a completely useless start for a body that is trying to deal holistically with people's issues for all the reasons the noble Baroness gave about the increasing importance that pension draw-down will have for any of these solutions.

At present, StepChange is regulated to give debt advice and debt solutions but not to give pensions advice. It could apply to be a pension adviser and give advice on pensions, but it has not done so. It was the present management's decision to do that. However, the issue stems from the initial problem about whether or not it is reasonable to have all those different types of expertise in one place or whether you need more expertise than would be available in a general advice system.

It is easy to describe this as a mess and a problem, and it is very hard to see how we will make progress. I look forward to the noble Baroness's response to this debate. The noble Baroness, Lady Kramer, is right that we need to rethink this. However, I have a slightly different approach to it which I would like to try out with the noble Baroness. As she will have picked up, our Amendment 38 in this group replicates what she said to the House on Second Reading. In terms which I think are not unreasonable, it defines "guidance" and it defines "advice" in terms of what the FCA considers it to be. That may be the current state of the art for this discussion and it may need to be looked at again. However, I do not think it is helpful to try to analyse the best word we can select to describe all the things that this body should do. We need to go back to what the noble Baroness, Lady Kramer, suggested and ask what this is about. We need to ask what this body is trying to achieve.

It seems to me that the two fixed points on which we can agree are, first, the functions that are currently carried out by these bodies, or could be considered to be added to the existing functions to achieve the aim that we are going to set for this body, and, secondly, the regulatory structure. I do not think there is much room for manoeuvre on either of those two things. We have a pretty good appreciation of what people want and we have a pretty good regulator that is capable of regulating these things. The names seem to me to fall back a bit in our consideration of that. If we get the infrastructure right, we will also get the processes which support it right. What is this body set up to do? What aims and responsibilities will it require to achieve that? What functions are required to achieve that? What are the regulatory constraints and what will they be called? That seems to me the right way to approach this. I hope that, when the noble Baroness responds, she will pick up at least some of those points.

Lord Skelmersdale (Con): My Lords, before this debate concludes with, I hope, the wise words of my noble friend the Minister, I should say that the noble Lord, Lord Stevenson, seems to have widened the subject of this amendment or group of amendments beyond what my noble friend Lady Altmann intended. I have been looking at Clause 2(5):

> "The debt advice function is to provide, to members of the public in England, information and advice on debt".

The noble Lord, Lord Stevenson, almost got it. What we really want to happen is advice on debt reduction, so why cannot the Bill say so?

Lord Stevenson of Balmacara: I do not wish to prolong the debate, because we could continue this discussion outside if we wished to. However, I was not the only person to say that there were wider issues at stake here, so I accept the charge, but I am not the only one guilty of this. Secondly, I was trying to make the point that information is only part of the story. It is of no value if we cannot get somebody who owes £10,000 to five different creditors to a position where they owe nothing. So it is a process leading to a resolution. I think that we are on the same page.

5.45 pm

Baroness Buscombe: I thank all noble Lords who have taken part in this helpful debate, and in particular my noble friend Lady Altmann for raising these issues through her amendments. It is important to be straight about it: let us not get hung up on legal terms that we need to use in the Bill to ensure that the body can deliver the crucial support on problem debt need. How the sector and others promote the services is another matter. It needs careful consideration based on evidence and insight.

I thank my noble friend Lady Altmann for bringing forward Amendments 4, 12, 44 and 67, which replace references to "debt advice" with "debt counselling" or "guidance and counselling". My noble friend has tabled a further amendment in this group, 21, which would add to the body strategic functions to improve public understanding of the distinction between certain personal finance terms and improve their knowledge of how to access relevant information and guidance. I also thank the noble Lords, Lord McKenzie of Luton and Lord Stevenson of Balmacara, whose Amendment 38 would establish a definition for the terms "advice" and "guidance" used in the Bill.

Regarding Amendment 38, I reassure noble Lords that the Financial Conduct Authority provides thorough definitions of guidance and advice in the relevant section of its handbook. The handbook includes examples which clarify how the distinction between guidance and advice works in practice, and the Government believe that such detail is best articulated by the regulator rather than through primary legislation. I also observe that through the specifications in Clauses 6 and 7, the FCA will have a formal role in ensuring that all the activities conducted on behalf of the new body are in line with its regulatory standards and guidelines.

The FCA has conducted a significant body of work in this area, providing clear definitions of the terms "guidance" and "advice". The Government are grateful to it for these efforts and believe that any ambiguity over the use of these terms has been appropriately addressed. It is therefore not appropriate to insert definitions of these terms in the Bill.

As she did on Second Reading, my noble friend Lady Altmann raised the important point about language and its consequences, as have other noble Lords. I agree that it is important to ensure that the Bill's wording accurately reflects the activities the new body will be undertaking, and that members of the public fully understand the nature of the support available to them. I have reflected on this point, take it seriously, and have therefore given it careful consideration. However, I have concluded that it would not be right to include these amendments.

The first reason for not including the amendments is that "debt advice" is the term that most appropriately reflects the provision that the new body will deliver in relation to its debt function, so it should be used instead of alternatives. There are two key reasons for this. First, "debt advice" reflects a broader set of activities than "debt counselling", and this broader set of activities is precisely what the new body will have a duty to deliver. For instance, while "debt advice" can be said to cover providing recommendations for individuals about which debt solution they should pursue, as well as adjusting individuals' debts through a debt management plan, "debt counselling" can be said to cover only the first of those activities.

Secondly, I should note that, like financial advice, debt advice is an activity regulated by the FCA. It involves advisers offering a personal recommendation to an individual which steers them towards a particular course of action. Under FCA rules, in giving this recommendation the adviser is required to make it clear that they are giving a consumer regulated advice. Only those providers who have been authorised by the FCA to deliver this service or who are exempt from authorisation can provide this advice. As such, this makes it different from the other functions delivered by the body and means that other previously been suggested terms—for instance, "debt guidance"—would not be an appropriate description. "Guidance" in this context refers to the provision of generic information about money matters without the inclusion of a personal recommendation. Authorisation is not required for guidance, so using a term such as "debt guidance" would, we believe, be equally misleading.

The second reason why I do not believe that we should amend the term "debt advice" brings me back to the underlying purpose of ensuring that the language we use is clear, accurate and consistent. We must ensure that the way we structure and label the services on offer to individuals reflects the way they use and understand these services. There is no compelling evidence that use of the term "debt advice" is an issue for consumers or that it affects their ability to access appropriate provision. Indeed, the term is almost ubiquitously used among leading debt charities. We also need to bear in mind that we have carried out three consultations covering this issue, among many others, and have found that to be the case.

Baroness Kramer: Perhaps I may ask the Minister for some clarification. My question relates to a point raised by the noble Baroness, Lady Altmann, the reply to which I did not clearly understand. If an adviser provides debt advice to an individual who has a debt issue but also belongs to an auto-enrolment scheme for a pension, is the adviser permitted to propose that the individual opt out of that pension or would they be violating their authority as an adviser if they did so? From looking slightly to the Minister's side, I gather that they would, and therefore they would be unable to provide that advice, even if it was the correct and best solution for the individual. That is part of the complication that is coming out of this language.

Baroness Buscombe: I thank the noble Baroness. Looking behind me, and in order to be absolutely right on this, I would like to come back to it in a moment, if I may.

We must ensure that we do not make changes to the language we use without strong reason if there is a risk of confusing service users. For that reason, I believe "debt advice" to be the most appropriate term to use. An important point which I do not think I have made is that we must ensure that the way we structure and label the services on offer to individuals reflects the way they use and understand them.

Finally, I should like to reassure my noble friend Lady Altmann on a specific concern that she raised during Second Reading—that the debt advice the new body offers will not be holistic in nature. The Money Advice Service has recently launched a consultation paper entitled *A Strategic Approach to Debt Advice Commissioning 2018-2023*. It covers a range of things, including how best to deliver debt advice and money guidance in a blended fashion in line with the needs of the individual. This consultation will underpin the approach taken by MAS and later—towards the end of next year, we hope—by the new body.

Just as other forms of advice take into account an individual's broader situation, such as their debt levels and spending commitments, debt advice will take into account an individual's broader situation, such as their pension. I hope that that is helpful. Similarly, just as pensions advisers will not provide recommendations to individuals about specific debt solutions to pursue, debt advisers will not provide specific recommendations to individuals about which pensions options to pursue.

However, that does not mean that the support offered by the single financial guidance body is not holistic in approach. Ensuring that the new body offers joined-up, holistic support to members of the public who require help with overlapping needs is important. Indeed, one of the key aims of bringing the functions of the Money Advice Service, the Pensions Advisory Service and Pension Wise together was to improve the co-ordination of these services. The body will be well placed to deliver this seamless service, including through—this is the important point—warm handovers and signposting to the different functions it offers. This will be central to ensuring that members of the public receive the personalised, holistic support they need.

That brings me on to the wider strategic function of the new body. My noble friend rightly draws attention to the need for a greater public understanding of how to access information and guidance, as well as distinguishing between some of the key terms, such as education, information, guidance, counselling and advice. These are key elements in improving the financial capability of members of the public. The existing services are already doing important work in these areas, and we expect the body to pick that up and continue it in the future. Indeed, the recent report from the Financial Advice Working Group, which conducted research into the terms "advice" and "guidance", concluded that there was no value in changing the terms. The key is to have agreed and easily understandable definitions. We know from this work that people draw on multiple sources of information for help with their financial decisions but typically do not think of these as advice or guidance.

It is important that the body and its delivery partners ensure that the person they are supporting is clear about whether they are being advised to take a course of action or being given a range of options. That is what we must bear in mind. It is also important to think about the set of skills and permissions that advisers have when considering whether they can give advice on certain ways forward. However, rather than specify these elements—important as they are—within the legislation, we expect them to be wrapped up as part of the body's wider strategic function to improve the financial capability of members of the public. Not only will that ensure that we do not limit the body's ability to tackle a range of priority concerns now, working with others in the industry, the devolved nations and public and voluntary sectors; it will also ensure that the body is flexible enough to respond accordingly to emerging issues in the future, including any potential changes to language.

I am grateful to my noble friend Lady Altmann, the noble Lords, Lord McKenzie and Lord Stevenson, and other noble Lords for giving me the opportunity to put on the record the Government's view on these important matters. It is also worth saying that the Financial Advice Working Group has recently looked at the broad terms "guidance" and "advice" in relation to the Financial Advice Market Review. The Financial Advice Working Group conducted consumer research that tested alternative terms but none emerged as strong alternatives to "advice" and "guidance". However, consumer understanding of these two terms significantly improved with concise, consumer-friendly explanations. That is at the nub of this question. Therefore, the Financial Advice Working Group recommended that the terms "advice" and "guidance" should not be changed, as there was no clear consumer preference for new terms to justify the cost of changing them. Instead, the working group recommended that the market should, subject to analysis, consultation and cost-benefit analysis by the FCA, adopt a consistent set of explanations for different types of service.

Turning back to the question raised by the noble Baroness, Lady Kramer, a debt adviser is only authorised to give debt advice. As to whether the body could give advice to members of the public with automatic enrolment issues, no, it could not recommend that they opt out.

6 pm

Lord Stevenson of Balmacara (Lab): I understand that a note has come at pace with its best advice. It might be sensible to ask for a letter on this point because it is at the heart of not so much the naming game but functions. If advisers of the body will not be able to move seamlessly, however many hot keys they are able to employ, from pensions to general expenditure and back again, it is a different body to the one we are trying to set up. As I understand the situation—this is what I would like to be checked back—it is possible for an individual to be authorised to give advice on both debt and pensions, but the debt advice community has broadly not chosen to go down that route, regarding pensions as needing expertise that would be difficult

and expensive to acquire. What the noble Baroness has said is not entirely wrong, but it is not entirely right either.

Baroness Kramer: Perhaps I may add to that. Partly this is problematic because individuals receiving the debt advice may not understand that there is no discussion of their pension pot, because the adviser is unable to raise the issue and, therefore, they may not recognise that they are being offered a series of potential solutions within a limited framework that does not make use of the full financial resource that describes essentially who they are and what they have available to them. We use advice only in the regulated sense, but the person listening thinks that it is advice in common terminology, and that is why we end up with the problems that the noble Baroness, Lady Altmann, is trying to address.

Baroness Buscombe: This turns on the question of what we mean by seamless. The point is that this body will be able to signpost people. The most important thing about the use of language, in a sense, is the ability of the advisers to clearly signpost and explain who can advise on what. It is a question of who has the advice, the skills and permissions to give debt advice and who can only give guidance.

I am not sure why there is an issue about this. It is more about the ability to signpost people in the right direction. Certainly, all the analysis has shown that changing the terminology makes no difference at all. What makes a difference is the ability of people to understand what it is they are able to receive and from whom.

Lord Sharkey (LD): Is it not the case that, if you can give only debt advice, that advice will be defective if you cannot take into account the pension liabilities and pension assets?

Baroness Buscombe: There is clearly an issue here. This question is being looked at, at the moment. As I explained before the noble Baroness, Lady Kramer, intervened, there is a consultation which covers a range of things, including how best to deliver debt advice and money guidance in a blended fashion, in line with the needs of the individual. This consultation has come about in recognition of the fact that there is no magic bullet at the moment for this issue. However, surely that should not prevent or preclude the creation of a body that will, to the best of its ability, signpost people in the right direction to receive the right guidance and advice as is appropriate.

I note what the noble Baroness, Lady Kramer, said about the name. I hoped that we had made it clear at Second Reading that the reason why we do not want to put the name of the body in the Bill is, unfortunately, we have every good reason to suspect that it could lead to other individuals holding themselves out and mimicking the body. It could lead to all kinds of problems if it was set up online as a spurious website, and so on. Call us cynical, but we have to be particularly cautious about that.

I am not convinced that politicians in Parliament are best placed to decide what the name should be. A lot of the terminology used within your Lordships' House and beyond in our political lives, by those of us who are of a political leaning, no one understands. For example, when we talk about political wards, and so on, it sounds as though we are in a hospital. It is best left to the people who will be brought on board to run the single body to make those decisions and that that is done, therefore, through delegated legislation. On that basis, I hope my noble friend will withdraw her amendment.

Baroness Altmann: I thank my noble friend the Minister for her remarks and all noble Lords for their excellent contributions on these vital issues and for much of their support.

This debate gives a clear example of why these amendments are necessary. There is obviously immense confusion about what advice is, what guidance is, and how they work. If we are setting up one body, it is essential that we are able to have a holistic service. I reiterate that one of the issues at the heart of this, for me, is that the body needs to serve and think about people, not products. Currently, we have different bodies that are geared towards products, whether it is helping people with debt, pensions or other savings, or managing their money. However, we are setting up one body, which is being explained to the public as providing holistic help in one place.

If we continue to call this "debt advice", I can imagine someone coming along to the body and saying, "Can you help me manage my debts?", and the body saying, "Yes, go and get your debt advice". The individual goes for the debt advice and then says, "I have got this workplace pension that I ought to enrol in, what do you think? Should I opt out or not?" The person giving the debt advice currently would have to say to them, "No, you need to get financial advice for that", because that is what the other activity is called. The individual would say, "But I thought I was here for advice. You are giving me debt advice". "Yes, I am giving you debt advice, but you need financial advice for the pension. I can only give you guidance on the pension". So immediately it is not holistic and immediately the person is confused.

The official umbrella term for helping people with debt is "debt counselling". Debt advice is a subset as a part of that. We have an opportunity now, when we are setting up a unified holistic body, to do something that is in the interests of the person who will come along with complicated circumstances. It would be a missed opportunity if we let this pass without clarifying it for ourselves and changing the words "debt advice" to something else. My noble friend mentioned that the Citizens Advice Bureau does not call it debt advice but "help with debt". That is a clear indication that the people it serves do not like the term debt advice, which is what it has told me, too.

I accept completely and appreciate that my noble friend the Minister is looking at this and has spent time considering it, so I would ask her to please carry on doing so.

Baroness Buscombe: I am mindful of what my noble friend has said, and I hope that she is encouraged by my reference to the consultation that has been set

[Baroness Buscombe]
up so that we can somehow overcome the issues around providing a truly seamless and holistic approach to giving people advice and guidance. We will think it through some more before Report, and I shall reflect on all that noble Lords have said. It has been very helpful to have this detailed debate.

Baroness Altmann: I thank my noble friend for those remarks and I beg leave to withdraw the amendment.

Amendment 4 withdrawn.

Amendment 5

Moved by ***Lord Stevenson of Balmacara***

5: Clause 2, page 2, line 13, at end insert—
"( ) the debt solutions function."

Lord Stevenson of Balmacara: My Lords, in moving Amendment 5 I shall speak also to Amendment 42. Here I shall begin to put some flesh on to the bones of the discussion we have already been having. The amendment tries to unpick some of the questions about exactly what is going on among the various legs which are being added to this body. We are beginning to recognise that it is no longer going to be called the single financial guidance body for debt but the "signposting to other financial guidance support services". That may well be where we end up, although I think that that would be sad.

Amendment 5 adds to the list of functions set out in Clause 2(1) what I call the "debt solutions function". There is no advice, no guidance and no information. It will have none of that airy-fairy stuff because it is about solutions—getting people from the point at which they are unable to manage because their debts are beyond them to the point where they can re-engage with the wider world, take out credit and get back into ordinary living. That is the difference which was alluded to in the last debate; namely, that which can only be advice and that which is regulated to be solutions. It is important to make that point strongly here. Simply using the debt advice function can include these other areas, and indeed the earlier debate showed that, but it would be more helpful if the Bill explained and extended what is available to those who will approach the body and did so by clearly signalling that one of the important functions, one that will be important to them, is a debt solutions process.

The purpose of putting this in Amendment 5 and linking it to Amendment 42 is to be able to take a further step in the discussions which this Bill should engage with in terms of what it will allow, permit, encourage and support. That will lead naturally to the amendments in the fifth group containing Amendments 7, 23 and 41, the first two in the names of the noble Baroness, Lady Kramer, and her colleagues. Those amendments seek to add another function to the way we hope that debt advice can lead to debt solutions by creating what is commonly called a breathing space, to which I will return when we come to that arrangement. They can be seen both as an opening up of more functions and providing more certainty about what the body will be able to do and to deliver. They are also an example of what action is required in terms of insolvency which would seriously enhance the ability of those who are working in this area to take clients on a journey that allows them to emerge from their current debts.

We had some difficulty with the clerks in getting this amendment in scope. It is not in the form that I would have preferred to see because—I will say this again on the breathing space amendment—what is required now is what was set out in both the Conservative Party and the Labour Party manifestos, which is that England and Wales are a long way behind Scotland in dealing with debt solutions. One of the great advances made by the Scottish Parliament has been to introduce a statutorily based breathing space and different insolvency regimes which very much have the client at the heart of what they are doing. The regimes are not creditor dominated. I could give noble Lords a brief lecture on the history of credit and creditors in this country but I will not because there are too many experts here who might pick me to pieces. However, we are obsessed by the place of creditors in our society. We ignore the problems that an overly zealous approach leads to: whenever there is a problem, the creditors are always assumed to be in a strong enough position to require 100% repayment of the debts that they have advanced to people. That has led to real difficulties when for reasons which have already been mentioned, people get into problems with their finances, even if it is not always their fault.

6.15 pm

We need to face up to the fact that in the real world, if someone has multiple debts and they confess to those they borrowed the money from, it is obviously a problem for those who advanced the money. But at that point there is a calculation going on in the brains of the creditors to work out what they are going to get back from the person who has come forward with a debt problem. The conventional wisdom is that it will be around 10%. That is historically what happens, it is practically what happens, and it is realistically what creditors will put in their books. Where people have multiple debts, the law and the framework expect that they should return 100% of those debts. Many people would indeed want to do so because they are not feckless, but the reality is that through the discounting and the risk activity that has been built into the algorithms which are used, the debt has already been written down to 10% of what it was.

I am sorry to take us on a slightly long journey through this area, but my argument is that if we are serious about tackling multiple debt problems—we call it unmanageable debt and we define the term in a later amendment—we ought to think about the solutions that are available to those who have to deal with these debts in a constructive way and have the individual in debt at the centre. Amendment 42 would begin the process of looking at the range of existing insolvency systems and regimes which can be brought into play by people who come forward with unmanageable debts. The difficulty is that while we have quite good structures, albeit that, as I have explained, I believe them to be based on a fundamental misconception of what we

should be trying to do in society about dealing with the management of debt—in other words, reducing slightly the deference we pay to the creditor—I still think that we have a long way to go.

Let us take as an example the debt relief order which is specifically designed for those in society who have virtually no assets and very little income. It is meant to be a cheap and cheerful way to go bankrupt. What is good about it is that it is done with very little paperwork, it is administratively quite a simple process and is dealt with efficiently by the Insolvency Service. It can be extremely effective in taking people from a horrendous situation—pursued by multiple creditors with the doorbell being rung by bailiffs and others—in a relatively short period of time. The problem is that the order costs £90, but many clients do not have that sum and therefore they cannot take it up. We had a discussion recently with representatives from Christians Against Poverty who have given us figures which I am happy to share with the Government if they wish to see them. They show that in more than half of the cases, the charity has to provide the funding that will allow the client to access the debt relief order system.

However, it gets worse. Of the £90 which is paid in order to participate in the DRO, £80 goes to the Insolvency Service because it has the responsibility to sort it all out and to issue the legal framework, so the sum is not unreasonable. That leaves £10 for the body that is helping the individual to move forward in this process. That is completely uneconomic. The last time I checked, it is costing StepChange around £2 million to take clients through the DRO system, which we all agree is the right thing to do but for which additional money has to be found because the funds are not available from these clients' resources. That is a real problem and I give this situation as an example.

I am sorry to have to go into such detail, but there is a need for the single financial guidance body to carry out a review into our current insolvency arrangements which should focus more on what can be done to help those who have a genuine need to make use of them. This has already been done in Scotland. The systems have been changed and now there is a much more realistic approach to how the DRO equivalent works there. The funding is more equitable, it is easier to approach, and the breathing space that we shall be coming on to discuss is part of the package. The Scots have also tackled the issue of the excessive fees being picked up by insolvency practitioners who process the DROs and individual voluntary arrangements; action on this has long been required. That has taken place in Scotland and is something which again I think we should borrow.

These functions relate to the debt advice function, but they represent the other side of the coin and therefore need to be reflected properly in the Bill, as Amendment 5 requires, so that it is explained to the wider world that the SFGB's core functions are not just about advice and guidance but about moving people away from debt to a different arrangement which restores their ability to cope with credit. I have given in Amendment 42 an example of the work that it could do. I said that we had had trouble getting the amendment into scope. I would like the Government to commission action of their own to get such an insolvency review carried out. If it required the Minister to take away the Bill and change the Long Title slightly, it would make it easier for us to do it at later stages, and I commend that to her. I beg to move.

Baroness Buscombe: My Lords, I thank the noble Lord, Lord Stevenson, for his positive contributions so far on the Bill. He has raised an important issue regarding the status of current insolvency regimes available to members of the public in England and Wales.

Amendments 5 and 42 tabled by the noble Lord would introduce a new function to the body with regard to debt solutions in addition to requiring it to review the current insolvency regimes available for members of the public in England. This would also apply in Wales, as the insolvency regime is common across both nations.

The Government are committed to helping those worst affected by problem debt. I agree with the noble Lord, Lord Stevenson, that the insolvency regime for members of the public, including businesses, must be of high quality and be kept under review to ensure that it works as it should. It must provide essential debt relief for those who need it while offering those able to repay their debts the opportunity to do so. I commend the noble Lord on the work that he has done with StepChange and have listened with care to the examples that he gave, which are of course deeply concerning, in relation to debt and insolvency.

I assure the noble Lord that the Government are indeed committed to ensuring that we retain the best possible personal insolvency regime. The Insolvency Service, which is an executive agency of the business department, is charged with delivering economic confidence by, among other things, supporting those in financial distress. The service has implemented a number of changes to the personal insolvency regime to make improvements where they are required. For example, in April 2016, the Government removed the need for a person applying for bankruptcy to go to court. The Insolvency Service keeps the personal insolvency regime under review on behalf of the Government and works closely with the Money Advice Service and the wider debt advice sector.

Working with the Insolvency Service, MAS—the Money Advice Service—launched a consultation on improvements to the debt solutions regime across the country in February this year. This consultation followed a period of in-depth research with users of the main insolvency solutions across the UK and a review of each separate insolvency solution. All the major debt advice providers and many other stakeholders responded to the consultation. MAS will publish a response to the consultation later in the year. It is reviewing the responses with its debt advice steering group, which includes representatives of all the major advice providers and the largest creditors.

The single financial guidance body's strategic function requires that it, too, works with others in the financial services industry, the devolved authorities and the public and voluntary sectors. The Government therefore expect that the SFGB will continue to work closely

[Baroness Buscombe]
with the Insolvency Service to ensure that the insolvency regime in England and Wales meets the needs of members of the public.

The Government agree that the insolvency regime must remain fit for purpose and be regularly reviewed. That is why MAS, working closely with the Insolvency Service and the debt advice sector, has undertaken its consultation. However, the duty to review the regime remains the responsibility of the Insolvency Agency. Of course, there is a role for the new body to work with the Insolvency Agency on this matter, as MAS does now. My view is that this is captured by the strategic function set out in Clause 2(7). For these reasons, I ask the noble Lord not to press his amendments.

Lord Stevenson of Balmacara: I thank the Minister for her full response and recognise much of what she said about the work currently going on. We are back in the same territory. The body will not work as we are beginning to envisage it if at every turn blockages are put up. It will be an insolvency service behind a different departmental boundary—it is in BEIS and not in DWP—making decisions of primary importance about clients coming to the single financial guidance body and the debt advisers seeking help with a problem. I accept that it is way the world is, but if it became clear after the reviews and further consideration of the points made here—there are many other people who can send in evidence—we might want to change that, having missed the opportunity to do so in the Bill. I appeal to the Minister to think again about this and to see whether it might be sensible to have a power somewhere in the Bill giving the single financial guidance body the opportunity to make proposals at least. In my view, we have the power to change it to help the consumers that it tries to deal with, but I realise that may be a step too far at this stage. I beg leave to withdraw the amendment.

Amendment 5 withdrawn.

Amendment 6

Moved by ***Baroness Drake***

6: Clause 2, page 2, line 13, at end insert—

"that must remain free at the point of use for members of the public."

Baroness Drake (Lab): My Lords, I shall speak also to Amendments 28, 29, 30 and 32. I refer the Committee to my interests in the register, including TPAS.

Amendment 6 would put in the Bill the requirement that the functions delivered by the financial guidance body remain free at the point of use for members of the public. Supporting vulnerable individuals and increasing people's ability to manage their financial affairs and make informed decisions are a major public policy challenge which has systemic roots. It underpins the creation of the new body to improve life outcomes for members of the public. The policy will need to be long term, as will the essential ingredient, "free at the point of use". For it not to be free risks undermining the body's reach to those who most need it and compromising its impartiality, because introducing charges raises conflict as to where organisational effort and resource are directed, as between most in need and potential to raise revenue.

Amendments 28, 29, 30 and 32 are all directed at requiring the provision of information, guidance and advice by the new body to be independent and impartial. Much in this Bill is at high level, which is understandable because of two requirements: the new board needs scope to build an organisation fit for purpose; and the new body needs flexibility so that it does not duplicate fit-for-purpose information and guidance sources that already exist, but also so that, over time, it is allowed to go wherever it identifies it needs to go in provision to assist and support the public. However, in meeting these two requirements, the Bill cannot be so imprecise that it introduces uncertainty. There should be little ambiguity as to the footprint of the new body's functions and objectives, as hard experience tells us that in the field of public provision of financial information and guidance such ambiguity has not been a good thing.

My amendment would address that problem by amending Clause 2 so that the objective of,

"to support the provision of information, guidance and advice in areas where it is lacking",

was amended to read,

"to support the provision of independent and impartial information, guidance and advice".

Introducing "independent and impartial" would set qualitative parameters to what is provided, commissioned or otherwise approved or endorsed by the financial guidance body brand. It must be wholly customer focused, driven by the interests of the individual and not fettered by commercial or other vested interests. If the new body is not independent and impartial, it will not be trusted by the public and it will compromise its own objective to enable people to make informed decisions. A commercial comparison website that takes commission is very different from a factual comparison table that provides information based on customer needs. Guidance from a provider with a vested interest in the decision a customer makes is likely to be partial.

6.30 pm

The new body will also address market failures where providers will not, cannot or do not meet an individual's needs—failures which manifest as a lack of trust, hence the need for an impartial public service. In its recently published *Retirement Outcomes Review*, the FCA commented that potential remedies for inefficiencies in the marketplace include appropriate protections for those least able to engage, and services to help consumers make good choices primarily by building on existing guidance initiatives. The FCA observed that mistrust of pension products is a concern in itself but can also give rise to decisions that directly harm the consumer: for example, if they pay too much tax or miss out on employer contributions and investment growth—and, I would add, get sucked in by scams or exposed to inappropriate investment products.

Similar observations can be made about other financial products and services where the knowledge and understanding of members of the public is low. The Bill requires the new body to support provision of

information, guidance and advice in areas where it is lacking. But what is meant by "lacking": how is it defined? Not having some parameters for the definition precludes scrutiny. The Government's policy note does not help. The public certainly have an interest in knowing in which areas the provision is lacking.

Whether something is lacking in an area is not simply a question of whether some kind of provision by other organisations is available; it requires an assessment of that provision. Is it impartial, based wholly on customer need and not compromised by a vested interest? There are numerous sources of information and guidance in the market and the public space. How it is presented, whether it is partial or nudges the individual in a direction not driven only by their needs, and whether it exploits the consumer's inertia and tendency to choose the path of least resistance, will determine whether the provision meets the new body's objective of improving the ability of members of the public to make informed decisions. This is an important issue. It will be a contested matter as to when the new body should provide information and guidance because it is lacking and when this should be left to organisations. Without greater clarity there is ambiguity.

The essential components of guidance are personalised —otherwise, it is just information. It should diagnose the real issue; the presenting question is often not the real issue due to complexity and lack of customer knowledge. It needs to be accessible and free at the point of use—and it needs to be trusted, with no real or perceived conflicts of interest. The guidance must be impartial to deliver these components because it requires the collation of personal information. The diagnosis of the customer's choices may conflict with commercial drivers: for example, the customer may benefit from transferring from a high-charge contract to a new one. Guidance may be needed across all the customer's financial means, both state and private.

Money guidance and pensions guidance are not regulated activities, so they cannot give customers a definitive course of action. But guidance that is independent and impartial can be more trusted to take the customer up to, but not into, the "decide and buy" or "decide and act" moment as there is no conflict; the guider has no vested interest in the customer's decision.

The extent of guidance varies with customer need, but I will conclude with a simple published case. Its simplicity makes it all the more compelling. During the time when selling an annuity was under consideration, a customer who wanted to cash in their pension contacted the Pensions Advisory Service, having been told by another advisory body that they could cash it in. The guider discovered that it was an annuity in payment which could not then be cashed in or sold. On hearing that they could not sell it until April 2017, the customer replied, "But, dear, I will be 82 then. The issue is that my fridge freezer has broken. I have had it for 17 years and I cannot afford to buy a new one as I only have a state pension apart from this pension". The conversation continued and the guider found that tax had been deducted from the annuity since it had been set up, despite the fact that the customer was not a taxpayer. The outcome was that the customer discovered that they had the option to keep the annuity and apply for a tax refund, with which they could buy a fridge freezer.

Baroness Coussins: My Lords, I support Amendment 6, which I rather hope might prove uncontroversial. This is because, as I understand it, it is the Government's firm policy intention that the services that the SFGB will commission will be free at the point of use to members of the public—as is the case with current arrangements. Given that what we are debating here are the arrangements for advice and guidance for individuals who are often in financial difficulty, certainly in the case of debt advice but also in other situations, this free-to-client principle is of such fundamental importance that it should be in the Bill.

On a separate point, the amendment uses the phrase "members of the public"—as does the Bill in relation to the SFGB's functions and objectives. I would like clarification from the Minister that this phrase will include those members of the public who are self-employed. At Second Reading she referred to the body's remit excluding micro-businesses, so clarification on the position of self-employed people would be welcome, in particular as they now account for 14% of the UK's workforce. Indeed, the growth of self-employment has led to a significant increase in debt; self-employed people are increasingly taking out personal loans to finance their business needs, so the dividing line between personal debt and business debt is becoming increasingly blurred. Current arrangements for debt advice provision through the Money Advice Service do cover debt advice for people who are self-employed, and I would be grateful if the Minister could give us an assurance that this will continue.

Baroness Kramer: My Lords, we support the amendments in this group. I start from the assumption that they are remedying a momentary lapse in the energy of the team that was drafting the Bill, because I cannot believe that the Government are not fully signed up to the principles that advice should be free at the point of use, and also both independent and impartial. So I, too, suggest that these amendments are surely uncontroversial and are useful to the Bill to make sure that the point is not lost, as they remedy those moments when long hours of work and not enough coffee made it difficult to remember every single issue that had to be grasped in the general drafting of a Bill of this complexity.

Lord McKenzie of Luton: My Lords, it may come as no surprise that we on the Front Bench support my noble friend Lady Drake, for all the reasons that she and others mentioned this evening. Certainly, if advice was not free at the point of use, it would undermine the function and could create conflicts of interest, as my noble friend said. Issues around independence and impartiality are absolutely crucial. I am delighted to hear that HMRC had to cough up for a fridge—it is not a usual occurrence and I congratulate my noble friend on engineering that.

I say to the noble Baroness, Lady Coussins, that we entirely agree with the point about the self-employed. We have tabled an amendment on that later in the Bill and I hope that we will be able to make common cause on that as well.

Baroness Buscombe: My Lords, I thank the noble Lords, Lord McKenzie and Lord Stevenson, and the noble Baroness, Lady Drake, for putting their names

[Baroness Buscombe]
to the amendments in this group. They seek to amend the existing functions and objectives in the Bill to ensure that the body's services are free at the point of use, that the guidance, information and advice provided is independent and impartial, and that the body provides its services broadly rather than focusing support in areas where provision is lacking.

Amendment 6, tabled by the noble Lords, Lord McKenzie and Lord Stevenson, specifies that any information, guidance or advice delivered by the new body or its delivery partners must be free. I note that this point was raised by the noble Baroness, Lady Coussins, as well. The Government absolutely agree that any help funded by the new body should be free at the point of use. The Government's intention is to ensure that information and guidance are available to those who need it. We would not wish to prevent members of the public accessing help on the grounds of cost.

Pension Wise, the Pensions Advisory Service and the Money Advice Service currently offer free-to-client help and, as the Government noted in their consultation, the new body will do the same. Indeed, by bringing together pensions guidance, money guidance and debt advice in one organisation, the Government expect that savings will be made. As a result, we expect a greater proportion of levy funding to be made available for the delivery of front-line services to members of the public. I am grateful for the opportunity to address noble Lords' concerns and will observe that Clause 5 confers on the Secretary of State powers of guidance and direction that may be used to prevent the new body entering into arrangements with fee-charging providers in the unlikely event that it should wish to do so.

Amendment 29, tabled by the noble Baroness, Lady Drake, would alter the wording of the Bill to remove the requirement for the body to focus its support for the provision of information, advice and guidance on areas where it is lacking. I understand the concerns that the noble Baroness raised, and it is right to make the point that the new body's responsibilities and functions are not relinquished simply because provision of some kind is already delivered by a third party. That is a very important point to stress. However, with respect, I do not think that the amendment is required in this instance.

It is important that the new body uses the funds it receives in a cost-effective way, thereby achieving maximum impact for members of the public. The current wording of the Bill aims to achieve this by ensuring that the body targets its activities towards those areas where information, advice and guidance are lacking. It would be helpful to explain what we mean by "lacking". For example, provision may said to be lacking where it is not of the right quality, lacks impartiality—or, indeed, where it is absent altogether. As such, the Bill's current wording ensures that the body carries out its functions in the most effective way possible, delivering value for money from public funding and avoiding unnecessary duplication.

As noble Lords will be aware, duplication of services with other providers was a key criticism of the Money Advice Service, both from the Treasury Select Committee and from Christine Farnish's independent review. The Government are keen to ensure that the new body avoids this issue and have drafted legislation to reflect this. However, the proposed amendment could increase the likelihood of the new body duplicating existing and already adequate provision rather than complementing it, thereby compromising its ability to deliver value for money. Not focusing its activities on areas where support is lacking would increase the risk of leaving gaps in provision, to the detriment of members of the public.

Amendments 28, 30 and 32, tabled by the noble Baroness, Lady Drake, would alter the wording of the Bill to include a requirement for the information, guidance and advice delivered by the body to be independent and impartial. The Government agree with the intent behind the amendments. Of course, it is important that information and guidance provided by the body is both impartial and independent from commercial interests. Members of the public must be confident that information and guidance provided by the body or on its behalf is trustworthy and accurate, and that it is not designed to sell particular financial services products—a point stressed by the noble Baroness.

6.45 pm

The advantage of setting up an arm's-length body will be that it is independent from central government and from industry. As a result, the new body will be separate from commercial and government interests, and will be able to offer information, guidance and advice exclusively focused on helping members of the public. In conclusion, the new body is designed to be both independent and impartial. For this reason, the Government believe the proposed amendment to be unnecessary.

The question of the self-employed was raised in particular by the noble Baroness, Lady Coussins, and also by the noble Lord, Lord McKenzie. Members of the public who are self-employed will be included. The body is focused on individuals. In the case of businesses, even a micro-business—which might be just one or two individuals running a business, either incorporated or however it is formed—is not covered. All individuals, including the self-employed, will be counted as members of the public.

Baroness Kramer: Will the Minister take away and think through this issue? Their Lordships have been perfectly correct in saying that many people who are self-employed raise a personal loan that then finances their business activity. Historically, there would have been relatively little overlap between these categories. When people went to a bank, the category would have been specifically personal or business. In today's world, particularly with people borrowing from peer-to-peer platforms and through various other internet mechanisms, that clarity has disappeared. I would not want to see—as I am sure this House and the Government would not—an adviser caught in a particularly awkward trap, trying to work out whether they are talking about an individual or have tripped over into a prohibited category because the funds are used for a business. Therefore, clarity around this will be crucial.

Baroness Buscombe: I will certainly take the point away—it was well made. I assure the noble Baroness that this should be part of the whole development of the service, whereby there is very clear signposting on the part of the adviser when talking to any individual to make sure that they understand that it is about their personal finances; it is not about finances that are in any way connected with their business.

Lord Sharkey: Many of the jobs we have created since 2010 are sole-trader jobs. Is it not the case that there is no meaningful distinction in sole-trader jobs between personal finance and business finance?

Baroness Buscombe: As I just said, we will need to take back and clarify this point. My understanding is certainly that we should focus on an individual's finances, as opposed to finances attached to their business.

Once again, I thank noble Lords for bringing forward these amendments. I hope they will agree that they are unnecessary in the context of the Bill. I am grateful to the noble Lords because we have had the opportunity to make it clear—it will be clear in *Hansard*—that it is unnecessary to put into the Bill additional terminology. I urge the noble Lords, Lord McKenzie and Lord Stevenson, and the noble Baroness, Lady Drake, not to press their amendments.

Baroness Drake: I thank the Minister for her reply. We are in danger of breaking out into agreement, because I agreed with a lot of what she said. However, the Bill does not state what the intention is. I completely agree with the body being cost effective. I do not want to engage in duplication. I agree with its focus on the front line and that it must identify and address where information and guidance are lacking. I do not believe that any of my amendments contradict any of those requirements or the desirable directions that the Government want to take. But when the body seeks to implement the objective of identifying where something is lacking—and therefore where it has a footprint and something to do—there is a test to be met, and there is no guidance or reference or indication of any kind in the Bill as to how that test would be met. My argument is that of course one would not want to be too prescriptive but that independence and impartiality must be the essential characteristics of any test.

This will be a controversial area. There are lots of private sector guidance and information functions. There will be contests over where the boundary of the footprint of the single financial guidance body ends and commercial practice begins. I do not want to detract from the Government's aspiration for the body but I think there is a gap, because there is no legal or legislative guidance for the test to determine what is lacking. I ask the Minister to reflect on that. I said at Second Reading that if ever there was a word that needed testing, it was "lacking". If something is lacking, there has to be a test to identify that. I beg leave to withdraw the amendment.

Amendment 6 withdrawn.

Amendment 7

Moved by ***Lord Sharkey***

7: Clause 2, page 2, line 16, at end insert—

> "( ) In relation to the strategic function, such advice to the Secretary of State may include advocating for the introduction of a period of up to 12 months during which time interest and other charges on an individual's debts may be frozen, and enforcement action halted, in order to allow them time to seek and act upon debt advice."

Lord Sharkey: My Lords, in moving Amendment 7, I shall speak also to Amendment 23. These amendments, in my name and those of my noble friends Lady Kramer and Lord Kirkwood, concern debt moratoriums, and cold calling for the benefit of debt management services and pensions providers or advisers.

Both issues were discussed extensively at Second Reading. Along with other noble Lords, we asked why there was no provision in the Bill for a debt moratorium or a ban on cold calling. I made the point that much cold calling for fee-paying debt management services has been found by the FCA to be misleading and damaging and affected the most financially disadvantaged. I also noted that we do not allow cold calling for mortgages and we should not allow it for debt management, pensions or claims management.

The problem represented by cold calling is getting worse. Truecaller, a call-blocking service, produced research last week that shows Britain's cold-calling nuisance to be the worst in Europe. The number of spam calls has risen by an astonishing 180% in the past 10 months. We are now bombarded with 2.6 million calls a month—more than 31 million calls per year—despite new rules intended to limit the problem. This is a completely unsatisfactory situation, as is the absence of a debt moratorium.

In her Second Reading response, the Minister acknowledged the merits of a debt moratorium. She said:

> "A breathing space scheme could help people affected by serious debt by stopping creditor enforcement and freezing further interest and charges on unpaid debt".

A stronger version of this statement appears as a commitment on page 60 of the 2017 Conservative manifesto. The Minister went on to say:

> "However, breathing space legislation would be lengthy and complex. As such, any breathing space legislation would need to be properly prepared and consulted upon, and Treasury Ministers will outline further details in due course".—[*Official Report*, 5/7/17; col. 943.]

This is not promising. The two-year legislative programme in the Queen's Speech does not provide a suitable legislative vehicle for future action on breathing space. This is not at all surprising when you consider the complexity of the inevitable difficulties with the Brexit Bills that were in the Queen's Speech, but it is bad news for those in serious debt.

The Minister said much the same things and gave the same reasons for not producing the already promised ban on cold calling for pensions. She said:

> "It is a complex area that requires careful and detailed consultation with stakeholders during the year. In particular, there are questions of how to define existing relationships and how to deal with referrals and third parties. As such, we do not propose to include a cold-calling ban in the Bill at this time".

Again, this is very disappointing. As the Minister noted, pension scams can cost people their life savings and leave them facing retirement with no opportunity to build up their pension savings again. That is a catastrophic risk. Surely it is the duty of government to act very quickly to protect people against that risk.

[LORD SHARKEY]

The Minister was equally discouraging about cold calling by CMCs. She said simply that,

"strengthening the regulation of claims management services should reduce the number of nuisance calls".—[*Official Report*, 5/7/17; col. 944.]

She said "should" not "would", and "reduce" not "stop". This is entirely unsatisfactory, as the airline and holiday industries are currently and loudly pointing out. The huge and absurd rise in claims for food poisoning while on holiday abroad is a clear example of cold-calling abuse.

Our amendments address both the breathing space and the cold-calling issues. We would have preferred to amend the Bill to institute the former and ban the latter, but the scope of the Bill is narrow and to stay in scope our amendments stop short of that. Instead, Amendment 7 allows the SFGB to advocate to the Secretary of State that a breathing space be introduced. Amendment 23 requires the SFGB to publish an annual assessment of,

"the extent to which consumer detriment is caused",

by the absence of a breathing space and a ban on cold calling for the benefit of debt management services and pension providers or advisers.

However, these are only approaches to a resolution. There is a better way. The Government could table, later in Committee or on Report, a simple amendment which gives the Secretary of State the power to bring forward secondary legislation to introduce a debt moratorium and to ban cold calling for DMCs, pension providers and advisers, and CMCs; with a corresponding and minor tweak to the Long Title. It is perhaps a little unusual for an opposition party to suggest a Henry VIII clause to the Government; the convention is normally that it is the other way round. But since it is clear that the Government agree in principle with these moves and the only barrier is one of time, we could use this legislative vehicle—the Bill before us—to achieve what the Government have already promised.

If the Government do not do this, we see no likelihood in the next two years of helping those seriously in debt or in danger of being fleeced by cold calling. That is much too long and quite unnecessary. We should use the Bill to give the Government the power to protect those at risk. This is in the Government's hands. Might I suggest that we meet to discuss this unusual proposal as a matter of urgency? I beg to move.

Viscount Trenchard: My Lords, I have some sympathy with the amendment moved by the noble Lord, Lord Sharkey, to introduce a breathing space, and I have very much sympathy and agreement with his proposal that cold calling should be banned. He is right to say that cold calling has become a complete menace. It has, and it is getting worse by the month. I receive all kinds of spam texts and calls to my mobile, telling me I have debts and saying, "Would you not like us to help you repay them or have them written off?". These people are a complete menace. The worst thing is that young people are taken in by them.

Of course, a lot of the problem is caused by lenders putting out offers of very cheap money to hard-up people, young and old, who are tempted to take advantage of 0% for 20 or 24 months. Then in very small type somewhere at the bottom it says that, after a relatively long period, the interest rate applicable to these loans will change from 1% or 0.8% to an APR of anything from 25% to 37%, or even higher. I would think it utterly reasonable that some kind of moratorium be put in place to protect people who have been tricked into taking out loans of the kind that I have just described.

7 pm

Equally I am very nervous, as I am sure my noble friend the Minister is, about the Government taking on the responsibility to enforce a debt moratorium, because that would interfere in the market. The noble Lord, Lord Stevenson, pointed out to my amazement that lenders expect only 9% or 10% of debts to be repaid—in certain categories, I assume. That figure caused me huge surprise but, if a debt moratorium were in effect, I am sure that lenders would assume that even less will be repaid. This means it will affect the functioning of the market, to the extent that it will cost entrepreneurs and other people with properly managed debt plans more.

It is a delicate balance. I have considerable sympathy with the protection that a debt breathing space system would provide, but a lot of risks also need to be taken into account. However, something should be done about all the very cheap loans that last for up to two years until suddenly the interest rate shoots up, perhaps from less than 1% to about 30%, because they are the cause of a lot of individuals' problems.

Baroness Altmann: My Lords, I echo the wise words of my noble friend Lord Trenchard and certainly support the spirit of these amendments. It is right that we in the Committee should debate the concept of the single financial guidance body being able to help the Government in circumstances where the market is failing customers in a significant manner, such as has just been described. We all know that people are being enticed with teaser rates into debts that they are ultimately unlikely to be able to afford to repay. This is sometimes because salespeople are rewarded for the loans that they manage to get people to take on but do not necessarily stay around to worry about whether that debt is ultimately going to be repaid.

I also support the concept of banning cold calling. We will come to other amendments later on the claims management side. I would echo the concept in those on cold calling for pensions. The unsolicited approaches to people, enticing them to do things that are not in their interest, is a real problem. We would be wise to see whether we can find ways to address that while we are concerned with the financial circumstances of the general public in the context of the Bill.

Lord Stevenson of Balmacara: My Lords, we are not having much success with our amendments here on the other side. I had hoped that the climate of a Government not having a clear majority in either House and the general spirit of wanting to work together on improving things would allow them to put at least one change of wording into the Bill as it

stands, if nothing else. But I see that the tyranny of the Bill is with us still, and that there is a determination in the serried ranks of those looking with stern faces from the sidelines to ensure that Ministers do not depart in a single way from the track by showing weakness. In fact, we think they would be strengthening the Bill by accepting some of our amendments.

At this moment, we are giving them two options for the breathing space. The very good amendment put down in the names of the noble Baroness, Lady Kramer, and the noble Lord, Lord Sharkey, is echoed by Amendment 41, which is in my name and that of the noble Earl, Lord Listowel, and the right reverend Prelate the Bishop of Newcastle, whom I thank very much for their support. There is a bit of a movement across the House whereby the time has come for a breathing space. I hope that the response to this amendment will be better than before.

As has been said—I said this on an earlier amendment—it would be much better if the Long Title of the Bill were such that it would take a real policy direction, and that the amendments were therefore not curtailed in the way that they are. We are having to seek that the body, as part of a strategic function, has generalised powers. Would we go as far as a Henry VIII power? I think that our arms could be twisted on that. As the Minister is aware, they have been offered on previous occasions; in debating the Digital Economy Bill, we were almost throwing Henry VIII powers at them. But they would not take them, the tyranny of the Bill being so strong.

Here is another option: there is no doubt that a scheme called breathing space has been working well in Scotland. It has done so now for nearly 10 years and been through three or four refinements. Some of the questions raised by the noble Viscount, Lord Trenchard, have therefore already been addressed there, and I do not think he would find it quite so bad. I know that the noble Viscount is shocked by having the curtain of secrecy torn down regarding what happens in the creditors' dark rooms when they discover that they have unpayable debts. However, I can tell him that if a breathing space is built in, as it has been in Scotland, it is possible to get returns to creditors that are much nearer the full 100% which they seek. We may be talking about 60%, 70% or 80%. Indeed, in the Scottish system the debt arrangement scheme has a pretty good record of getting 90% or 95% back to the creditors.

The noble Viscount should not be too worried about small entrepreneurs and others, when this is not their province. We are talking about household bills, credit card companies, banks and, increasingly, the Inland Revenue—it has money to spare, has it not? We are talking about local authorities, store cards and utility companies. These are the bodies creating the conditions, not necessarily in any destructive sense, under which it is too easy for people to borrow beyond their means to repay. The spiral of debt moves very fast when they suddenly get into it and find themselves in a hopeless situation. In StepChange—I am sure it was true of the other debt advice organisations—our best day in the year for business, but our worst day because of what was happening, was 23 January. That is the day when the credit card bills come in for Christmas and at that point, reality sometimes sinks in and people realise that they are out of their depth. They cannot respond and that is when the panic calls start.

One theme that we have not addressed in the Bill so far, but which I want to nail now, is the real problem there is in getting people to engage with the services that are available. We can label or signpost them—we can do what we like—but getting people to move from the vague realisation that there is a problem to actually seeking help in a constructive way that will get them out of their debt is the hidden problem. As well as making sure that the bodies we set up through the Bill work with the sole purpose of making sure that the consumer or individual citizen is at the heart of what they do, we have to recognise that we are not doing it well at the moment and there is still a long way to go.

Research carried out when I was at StepChange showed, I think, that it took about a year from people's first indication of problems with their debts to seeking a debt management plan and going ahead with one. It must therefore be right that we all make every effort we can to ensure that there are systems, bodies, organisations, structures, mechanisms and techniques that will get people on to a way that gets them out of the debt, because the damage is so great. The breathing space scheme works in Scotland, and it is not difficult to see how it could be adapted to work in England. At the moment, there is no statutory scheme. We are talking about a breathing space period where interests, charges and collection activities are postponed without a requirement to make payments. That would give people time to seek advice and stabilise their finances enough for their debt adviser to recommend how to get out of it.

There is another thing about debt advice. I meant to make this point on an earlier amendment, and I apologise for getting carried away by what we were trying to do when we were discussing names. The physical product of most debt advice that is being exchanged in return for people's engagement is a budget, which most people do not have. I am guilty of this, and most people in the Chamber probably are as well, as I do not have absolute certainty about where every penny of the very limited number of pennies I have under my direct control goes every month. Multiply that by the 63 million people in this country and you recognise that there is a bit of a problem here. If you ask them, people have no idea of what they are doing with their money. When I first went to Step Change, I was told that of 100 people who rang it, 30 people were obviously suitable to go straight on to a debt management plan and did, but about 10 of them actually had enough money to sort out their problems but did not know it. It was a question of going through every item of their expenditure line by line and making them believe that it was going to be all right and that, although it might take four or five years, there was certainly a solution. They did have the money, but they just did not realise it.

There is both a very simple solution to a lot of the problems we are seeing and a very complicated one, but both would benefit from having time to work through the options and to make sure that people are signed on and can go forward and get out of debt. We have to crack getting people. I think the Minister used

[Lord Stevenson of Balmacara]
the phrase "hot keying", and I agree. If you catch them at any point in the cycle, hold on to them. Make them do something about their problem. Get them engaged and excited—and not only will you get them out of their debt problems but they will get an educational experience. It is only when people are in the crisis of not knowing what they are going to do, how they are going spend their money and whether they have enough cash to buy a meal for the kids that evening that they begin to feel, "I must get out of this and get it right in future". That is what we must do.

When you can get a breathing space in, it is a sensible solution. It would work. The problem is that the Bill as currently constructed does not easily allow us to put this in as an amendment, but at the very least can we make sure that the powers exist for this to be taken as the next step forward, because it is certainly worth supporting?

The Earl of Listowel: My Lords, on cold calling, my mother suffered from dementia and, in the early stages, before we realised quite was the problem was, we were very concerned about attempts to defraud her, so I say to the noble Viscount, Lord Trenchard, that it is a problem not just for young people but for the elderly and the increasing number of people with dementia. I welcome that aspect of the debate.

I thank the noble Lord, Lord Stevenson, for tabling Amendment 41, to which I was pleased to add my name. I am grateful for the expertise on this issue that he brings to the Committee with his long involvement with StepChange. It has been good to hear the Government's concern for those who have been left behind and for families who are struggling. I welcome that their manifesto said:

"We will adopt a 'Breathing Space' scheme, with the right safeguards to prevent abuse, so that someone in serious problem debt may apply for legal protection from further interest, charges and enforcement action for a period of up to six weeks".

That is a very welcome commitment from the Government. I think the noble Lord is just seeking to help the Government to meet that commitment as soon as possible.

As treasurer of the All-Party Parliamentary Group for Children, I am particularly concerned about the way that family debt impacts on children. We know from Children's Society research that, where a family has multiple creditors, the children fare worst. This welcome breathing space scheme would enable multiple creditors to be held at bay for a period of six weeks. What often happens is that, just because one creditor will not agree, there will not be that breathing space and proper planning cannot be put in place, so this is a very important proposal.

As a particular example, I think about care leavers. Until fairly recently, one-third of them left local authority care at the age of 16, and more recently one-quarter of them left at that age. We are making further progress on that. They are young, they have had trauma and they are out in the world fairly unsupported. Over the past 15 years, as a member of the All-Party Parliamentary Group for Looked After Childrenand Care Leavers, I have heard many young people talking about how they got into debt and about issues about paying for their housing. We know that care leavers are historically overrepresented among rough sleepers, often because they have fallen into debt around housing.

I can give as an example Emma—I shall call her Emma—who sought advice from Toynbee Hall. She was a care leaver. In 2015, she began a zero-hours contract. She had council housing, but she fell into debt, so over the course of about a year and half she was being pursued by the council for not paying her council tax and rent arrears and by a number of non-priority creditors. This caused her a great deal of stress. At the end of 2016, she got herself a regular job and was able to get a plan and begin to pay her debts off. How much better for that young woman if help had been there at the beginning of 2015. She would not have had to go through that and the creditors would have got their payment. At times, she was having to choose whether to eat, pay her rent or pay her debts. I hope the Minister can give a sympathetic response to the amendment.

7.15 pm

Baroness Meacher (CB): My Lords, I apologise for not having been present at Second Reading. I rise to express my support for the generation of this new body on condition that it leads to an increase in resources for front-line services. I particularly support Amendment 41, although I also support the comments made about cold calling.

I am sure I am not alone in receiving endless calls from single mums, in particular, with young children, who are desperate because of their debts which are mounting week by week. We all know the burgeoning use of food banks and the interminable queues at citizens advice bureaux of desperate people seeking help.

The breathing space proposal has cross-party support. It is so obviously badly needed, and urgently so. The fact that 60% of people offered this service were enabled to stabilise their debt and begin working towards solving their problems is surely evidence enough that the introduction of a breathing space programme should not be delayed.

Some 2.4 million children are living in families with problem debt in England and Wales. What proportion of these children's parents have mental health problems? I suggest that an extremely high percentage of those parents are suffering from depression and anxiety or both, yet the services for these disorders remain inadequate to say the very least. Our mental health services are under huge pressure, and they certainly do not need the addition of more clients because of these horrendous debt problems.

In 50 years or so of being quite close to poverty and unemployment, I have never known a benefits system so harsh, so inclined to sanction claimants and to cut or remove benefits and so limited a level of benefits available to people out of work. It is difficult to imagine that those claimants can avoid debt, even at the best of times, but once debt begins to build, resolution of the problem quickly becomes impossible. I urge the Government to take seriously Amendment 41 and the other amendments in this group.

The Lord Bishop of Newcastle: My Lords, I, too, rise to speak in support of Amendment 41. I declare an interest as a vice-president of the Children's Society.

In the area covered by the Diocese of Newcastle, the Children's Society data tell me that there are more than 42, 000 children living in poverty and that almost 18,000 children from almost 16,000 families are living with the blight of problem debt. Last year, I read a report in the *New York Times* on a large, randomised trial involving 21,000 people on the efficacy of various aid mechanisms to bring people out of poverty and debt. What emerged surprised the researchers. It emerged that one key mechanism is more effective than any other, and that mechanism is hope. Families that are stressed and trapped in poverty and debt can feel real hopelessness that becomes entirely self-fulfilling. Give people a reason to hope, and it can make an extraordinary and real difference.

A breathing space is one of the things that can offer such a hope—a hope that there is time to find a way through. I am sure the Minister is aware of the long-running campaign of the Children's Society and StepChange to achieve a breathing space scheme for those in problem debt. I understand that, prior to the election, the Government indicated their support for the principle of such a scheme, and I would be very grateful if the Minister could update us now as to the current situation and about any further progress on this.

Lord Kirkwood of Kirkhope: My Lords, I do not want to delay this debate, which has been a very important one. This is the most important issue for me in the first 16 clauses. I share the frustration that has been reflected by powerful speeches from colleagues including my noble friend on the Front Bench, who made an excellent speech about the significance of the proposal in this group of amendments, particularly the breathing space provisions.

One of the reasons why this is so important is that debt, I think, is going to get worse, which is probably a realistic assumption to make, for the next four or five years. I have spent my entire life working on the benefits, social security and social protection side of state provision. It is increasingly untenable that the calculation of means testing takes no account whatever of levels of benefit. People might well be applying for universal credit now, and being allowed work allowances and tapers that are appropriate to a clean sheet of paper, but no question is ever asked of decision-makers about to what extent the household debt behind the application affects the family circumstances—which affects child poverty, as the right reverend the Prelate Bishop of Newcastle just pointed out to some effect. This is the most important part of the Bill for me.

This also puzzles me because I come from Scotland and absolutely endorse what the noble Lord, Lord Stevenson, said. For 10 years now, this system has been tried and tested there, and there is no doubt about the fact that it works. I know there are rumours that people in Scotland are particularly stingy and difficult when it comes to how they spend their money—particularly on the west coast of Scotland late on a Friday night—but it seems self-evident to me that consultations with jurisdictions in other parts of the country are part of what we should be doing in a new devolved United Kingdom. I would have expected the department to go across the border to make urgent and active inquiries into exactly what ingredients in Scotland have made this successful.

Indeed, you can argue it the other way round: it is not a good thing to have this level of disparity across the United Kingdom when the body we are setting up is UK-wide. The best practice that Scotland has demonstrated is being ignored—almost wilfully, if I can put it as strongly as that—through the position the Government are taking. Both the cold calling and the breathing space provisions are popular things to do. The Government would not be attacked by anybody I would think of as reasonable on either of these two important subjects. I do not understand why the Government are not being a bit more responsive to the unanswerable claims made in powerful speeches earlier this afternoon. I think the Government will lose in this House if they do not make some amendments, and solutions have been offered.

I know Governments do not like tinkering with Long Titles. I was a Whip for long enough to learn that, and it is not something I would want to start doing a lot myself. But there is a case to be made for my noble friend's point about the small change needed to shoehorn these two important subjects into consideration so that they can be addressed more directly—and, if I may say so, in a more adult way than we are doing at the moment by trying to look round corners and use smoke and mirrors—to achieve an objective that we all think is sensible.

My plea to the Minister, who is very good at responding to these things and considering them further, is that she carefully consider particularly the breathing space proposal. It will dog the rest of the Bill's proceedings if the Government and the department do not offer a compromise that enables one or both of these important issues to be addressed more directly.

Baroness Buscombe: My Lords, I start by thanking all noble Lords, including the noble Baroness, Lady Kramer, the noble Lords, Lord Sharkey and Lord Stevenson, and the noble Earl, Lord Listowel, for their positive contributions so far on the passage of the Bill, particularly in relation to this important debate. Noble Lords have raised important issues such as indebtedness, the introduction of a breathing space scheme and protecting individuals from pensions and debt-management cold calling. I welcome the opportunity to talk about these significant issues.

Clause 2 sets out the functions and objectives of the single financial guidance body. An important function of the new body is to work with others in the financial services industry, the devolved authorities, and the public and voluntary sectors, to support and co-ordinate the development of a national strategy to improve financial capability, the ability of people to manage debt and the provision of financial education to children and young people. I say that up front, because it is important when we are thinking about how this body will evolve that the strategic function means that the body will work with others rather than in isolation. That is why we refer to its "strategic" function.

[Baroness Buscombe]

The amendments tabled by noble Lords seek to specify in statute that the body, in discharging this function, will need to focus on reviewing the case for a breathing space. This would include considering the impact of not having such a scheme, reviewing the insolvency schemes available and considering the impact of not banning pensions and debt-management cold calling.

I will first talk about the breathing space issue, which probably all noble Lords who have spoken in the debate have raised. The amendment proposed by the noble Baroness, Lady Kramer, and the noble Lord, Lord Sharkey, seeks to give the single financial guidance body the ability to specifically advocate for the introduction of a breathing space scheme. The amendment proposed by the noble Lord, Lord Stevenson of Balmacara, and the noble Earl, Lord Listowel, seeks to give the single financial guidance body a specific requirement in respect of its strategic function, which is to review the case for the introduction of a statutory breathing space scheme.

The amendment proposed by the noble Lord, Lord Sharkey, and the noble Baroness, Lady Kramer, seeks to give the single financial guidance body a specific requirement in respect of its strategic function. It would require the body annually to assess the extent to which consumer detriment is caused by, or contributed to by, pensions and debt-management cold calling and the lack of a moratorium for debt recovery, also known as a breathing space. Both the noble Baroness and the noble Lord noted during Second Reading that the level of overindebtedness among the UK population is of increasing concern—a concern I share with all noble Lords this evening.

As I said at Second Reading, the Government recognise that the cost of living can sometimes become too great. Problem debt can be hard to escape and can compound family breakdown, worklessness, stress and mental health issues, along with other issues such as those raised particularly eloquently by the noble Earl, Lord Listowel. I understand that the breathing space is of particular interest to noble Lords and that some expressed disappointment that a breathing space scheme was not provided for in the Bill. But I would like to reassure noble Lords that the Government are committed to tackling problem debt. The Government's manifesto, as noble Lords have referenced this evening, proposed the introduction of a statutory breathing space scheme and statutory debt repayment plan. This is an important and complex issue. It requires thorough preparation and consultation on details, such as who could be eligible, which debts could be in scope and how someone could enter into a breathing space.

7.30 pm

It is of the utmost importance that we get this right. Indeed, the amendment proposed by the noble Lord, Lord Stevenson, and the noble Earl, Lord Listowel, sets out that there are a range of important policy questions that have to be considered. In addition, the numerous points raised by noble Lords this evening demonstrate, I believe, the need to proceed on this issue with care. We have to get it right. Indeed, the noble Lord, Lord Stevenson, referenced that terrible day in the year, 23 January, when the Christmas overspend becomes a reality. We have to get to the heart of how we prevent that in the first place to the best of our ability, which will be very difficult through legislation.

Just having a breathing space will be progress, but perhaps it is also about encouraging a cultural shift. Maybe that is simply through financial education, but maybe also through the process of managing the breathing space and drafting the legislation so that it can encompass a truly in-depth approach. Prevention is really what I am referring to here. As all noble Lords have said this evening, debt is becoming more and more of a problem. Indeed, the point my noble friend Lord Trenchard referenced is also important: how do we deal with this issue and avoid unintended consequences—as we all know, so much legislation ends up with unintended consequences—for the markets? We have to think about the whole issue with care.

I want to reassure noble Lords that the Government are committed to developing a breathing space scheme. Work is ongoing and the Government will set out their plans for taking this proposal forward in due course. Placing a statutory duty on the body to review the case and advocate for a breathing space is therefore, we believe, not necessary. I urge the noble Lords to withdraw these amendments.

Lord Stevenson of Balmacara: My Lords, every journey starts with a single step. We are not able to put in as an amendment the existing scheme—which has been through another Parliament close to here, has worked for 10 years and has answered all the questions that were on the lips of the noble Baroness—because the Long Title does not encompass it. We have put down a second-order amendment, but if we have to wait for an entire financial education edifice to be created and think about a cultural revolution in the way people deal with their credit card bills on 23 January, we will never get there. I urge her to think about taking powers now, so that in the future, where she does see this as a strong possibility, it becomes more real and tangible than it is at present.

Baroness Buscombe: I hear what the noble Lord says, but I want to assure noble Lords that, as I said, the Government are seriously considering this issue. I take slight exception to the inference from the noble Lord, Lord Kirkwood, that the Government are not doing anything. Why would the Government put this in their manifesto if they were not doing anything? The Government believe in this in principle; they simply want to get it right.

Noble Lords: Oh!

Baroness Buscombe: Noble Lords may laugh, but I have the advantage of having been at the other Dispatch Box in opposition when noble Lords opposite were in government. We suffered continually from the inability to get that Government to introduce and think about really important measures like this. That is why the situation has become so much worse over the past 19 years that I have been in your Lordships' House. But we want to get this right.

Baroness Kramer: I think the Minister may have misread noble Lords' tone and intent. As everyone has said, there is common ground on this issue across all

the Benches. Everyone is attempting to put in a breathing space and everyone wants to stop cold calling. The Minister's argument is that the amendments have been twisted to come into the scope of this Bill. They are not the ideal amendments and everybody has said so. But in response to the discussion that has taken place across this House—a discussion that these amendments enabled—would the Government look at making a small amendment to the Long Title to enable the introduction of powers through statutory instrument? This could introduce both the breathing space and the stop on cold calling, without describing exactly how that is done, so the Government would have the opportunity to think through those complexities.

This measure is being proposed because the legislative timetable means that no vehicle other than this Bill is available for at least 24 months to make those changes. The Government may be ready to make the changes three months from now, but will find themselves without any legislative vehicle to enable them to do so. A small change here could enable the Government to act on the timetable they have identified, but which they now have no mechanism for because of the way the legislative timetable is playing out. Perhaps I am being confusing, but I am trying to make the point clear.

Baroness Buscombe: My Lords, I understand entirely and accept what the noble Baroness is saying. Indeed I understand that that is the purpose of all noble Lords who have spoken this evening. However, I take issue with the idea that there is no legislative opportunity over the next two years. The Government have made it very clear that we will not be confining ourselves to Bills relating to our departure from the European Union. There will be other opportunities to legislate in these important areas, but we want to make sure that when we do it, we get it right. It is important that I address—

Lord McKenzie of Luton: Can the noble Baroness particularise for us the Bills mentioned in the Queen's Speech for the next two years that might be used to this effect?

Baroness Buscombe: No, I cannot do that at the moment and I think it is unfair to ask me to set out the Bills that could be used at this time. What I am saying, though, is that noble Lords should not presume that there are no other opportunities to bring forward legislation over the next two-year period, other than those relating to the departure from the European Union—

Baroness Kramer: I am sorry, but other than a Private Member's Bill—I think even all the Private Member's Bills have been allocated over the next two years—I am not sure it is possible to identify such a vehicle. If it is, we would all feel much comforted. A reassurance that such a vehicle is coming within a reasonable timeframe would be very helpful, but we cannot see one.

Baroness Buscombe: I hear what the noble Baroness is saying, but I stick to what I said before: there may be opportunities in the coming few sessions or so. The important thing is that we want to take this forward with care, and we are very committed to it in principle.

I should also refer to cold calling and the question the noble Lord, Lord Sharkey, raised. We are consulting on pensions cold calling, but the situation is different from mortgages cold calling. We have consulted on banning pensions cold calling through legislation, while a ban on mortgages cold calling has been put in place through FCA rules. Legislating to ban cold calling makes the activity illegal and therefore sends a stronger message to members of the public to put down the phone.

There are already measures in place to tackle unsolicited calls more broadly. The Information Commissioner's Office enforces restrictions on unsolicited direct marketing, and the Digital Economy Act, passed earlier this year, required it to issue a statutory code of practice on direct marketing activities. The code will include guidance for direct marketing organisations on complying with the law, including the Privacy and Electronic Communications Regulations (EC Directive) 2003, and the upcoming data protection Bill. Unsolicited direct marketing calls to a person who has not agreed to be contacted are illegal.

Lord Sharkey: In view of what the Minister is saying about the measures in place to reduce cold calling, does she think that they are a success so far, with a 180% increase in the past 10 months and now 2.6 million calls a month? Where are the signs of success in reducing cold calling?

Baroness Buscombe: The Government take the threat of scams and the whole issue of cold calling very seriously. On the specific issue of pension scams, the Government launched a consultation in December 2016, looking at three potential interventions. These included a ban on cold calling to help stop fraudsters contacting individuals. The Government plan to publish the response to that consultation shortly, which will set out the intended next steps—but, throughout the consultation period and during engagement with stakeholders, it became clear that this is a complex area. For example, where the consultation said that the ban would not extend to existing relationships, respondents highlighted the potential difficulty in defining existing relationships and ensuring that legislation is appropriately worded.

It is clear that this policy requires careful and detailed consultation as we further develop plans. We do not propose to extend this ban to debt management cold calling. We have focused on pension scams because they can have such a detrimental impact on individuals. Pension scams can cost people their life savings and leave them facing retirement with limited income and little or no opportunity to build their pension savings back up. I should add that, at the same time, we have sought to increase standards in the debt management sector by requiring organisations to be authorised by the FCA.

I assure noble Lords again that the Government take the issue of problem debt and cold calling very seriously. Work is ongoing in these areas. I do not think that the amendments would add value to the new body's functions—and, although I appreciate noble Lords' intentions, this is not the right time or the right place to amend the Bill, so I ask the noble Lord to withdraw his amendment.

[Baroness Buscombe]

The noble Lord, Lord Stevenson, referred to officials in the Box. They are doing a brilliant job. I took to heart his reference to them as if they are just there to be difficult. They are doing a superb job.

Lord Stevenson of Balmacara: I feel humbled if in any sense what I was saying was taken as a criticism of the wonderful work that is being done to make sure that the good things in the Bill get done. I in no sense intended to say that, and I hope that the officials will accept my apology, gracefully given. I was trying to say that there is a mentality growing about the tyranny of the Bill, which is set up in part because those who have responsibility for drafting it—not always Ministers—feel very attached to it, having gone through the process, done the consultations and decided things. It is inevitable and perfectly understandable that they do not want to see it changed. I was making a light quip at Ministers. If I were in their position, I would probably be saying exactly the same thing—but it does not make it right.

The Earl of Listowel: Before the noble Lord withdraws his amendment, I thank the Minister for her kind words to me. I gently remind her that the right reverend Prelate had her name attached to Amendment 41 as well. It has been a very difficult and bruising time recently, and we now have the breathing space of summer, so I welcome the Minister's reaffirmed commitment to reintroducing breathing space eventually. It is reassuring that there is work going on to look at how these measures will be brought about. I hope that, after the breathing space of the summer, we may perhaps have a more fruitful conversation in the autumn. I thank her for her reply.

Baroness Buscombe: I thank the noble Earl. Of course, I take very seriously everything that noble Lords have said in this evening's debate and will take it back to the department to think it through carefully between now and Report.

Lord Sharkey: I start by thanking all noble Lords who have spoken in this debate. I think it is true that all supported the general principles behind all three amendments. As I am sure the Minister will have expected, I am disappointed by her response. Both amendments are obviously entirely benign and useful, and I am disappointed that she has not taken up my suggestion of a meeting to discuss the Henry VIII proposal. I believe that the Government are seriously considering both a moratorium and how to deal with cold calling—I do not think that anyone in the Chamber would disagree with that. We believe that the Government are taking it seriously and are doing what they can. That is not the issue; the issue is timing.

I also agree that we need to proceed with care—as the Minister pointed out, these are complex issues—but, above all, we need to proceed. Giving the Secretary of State powers to institute by secondary legislation will significantly bring forward the point at which we can institute a debt moratorium and ban cold calling. The sooner we do that, the more people we protect and the more people we rescue from debt. The issue of timing is important.

I understand that it is difficult to answer the questions asked about legislative vehicles, but it would be immensely reassuring to the Committee to hear more specific answers to the questions, "Likely, when? Likely, how? Likely with what vehicle?". In the absence of those answers, it is perfectly reasonable for us to say that we think we need more definite speed, which is what we propose.

I am sure that we will return to the issues on Report, when I hope that we can focus on producing a moratorium on debt and a ban on cold calling. In the meantime, I beg leave to withdraw the amendment.

Amendment 7 withdrawn.

House resumed. Committee to begin again not before 8.47 pm.

Refugees

Question for Short Debate

7.47 pm

Asked by ***The Lord Bishop of Durham***

To ask Her Majesty's Government what is their response to the report by the All-Party Parliamentary Group on Refugees, *Refugees Welcome? The Experience of New Refugees in the UK,* published on 25 April.

The Lord Bishop of Durham: My Lords, I am pleased to be able to introduce this short debate on the All-Party Parliamentary Group for Refugees' report, *Refugees Welcome?*. It was a privilege to serve on this group. It was also often disturbing to hear the stories of those who, having experienced years of difficulty as asylum seekers, found the joy of being finally given refugee status taken away by the poor ways in which they were then treated. As a nation, we had agreed that they deserved to be fully welcomed—but our systems often left them bereft and destitute. As the report makes clear, we have work to do as a nation to ensure that those who we have agreed are refugees and whom we believe have much to offer our land are made truly welcome.

A couple of months ago, I hosted an evening about community sponsorship of refugees in my diocese. During the course of promoting the event, a member of my staff was contacted by a Syrian who had previously been resettled locally. He made contact to let us know that not only would he be attending but that he would be happy to assist if we needed any help with the organisation of the event. The welcome that he had received made him passionate about offering a welcome to others. His story demonstrates that we are able to get it right. The problem is that we have great inconsistency and lack a well-integrated strategy and system.

Defining successful integration is incredibly complex, but I think my Syrian story gives a picture of it: someone is well-integrated when they want and are able to give of themselves for others in the community that they have entered. Members of Survivors Speak

Out gave a similar message when they described integration to the APPG inquiry. One said it was,

"the ability to feel at ease in the new country whilst also not forgetting your own culture".

Another said that integration was,

"when you feel really proud to be British",

while a third described it as,

"being able to participate in social life here and be part of the community".

These aspirations are not exclusive to refugees. They are things that we all want for ourselves and those we love. Similarly, integration is not something that you can do to an individual; it is a process that a whole community must go through. The findings of the report emphasise that successful refugee integration takes a whole-society approach; it is a two-way process. It is as much about capacity building in communities as about building resilience in individuals. This requires action from both civil society and government. That is why we should welcome both the innovation of the community sponsorship scheme and the inclusion in the Cabinet of the Minister for Immigration—but more needs to be done.

During the course of this inquiry, it became clear that the difficulties facing refugees extend beyond a simple lack of co-ordination. Instead, refugees find themselves up against processes that are in some sense biased against their success. One prominent example of this is the perilously short time that refugees have to move on from their support once their refugee status is confirmed. The stories that we heard suggest that the destitution of the vulnerable, whom we have committed to welcome, is currently a structural feature of the system. We can and should fix these structural and process issues. I believe that the noble Baroness, Lady Lister, who also served on the APPG, and perhaps others, will outline more specifics of how we could do so. But I want to take a step back and ask what we need to put in place to prevent instances emerging in the first place. The report's answer has two parts: a national integration strategy and a Minister for refugees to implement it.

Throughout the inquiry, discussion kept returning to the importance of an integration strategy. While it was mainly policy specialists who made this point to us, you do not have to spend years immersed in refugee resettlement and Home Office policy to think that having a clear idea of what we are trying to achieve and how we are going to achieve it might be worthwhile. A strategy becomes particularly urgent when we consider all the competing priorities in government. Unless we have a strategy by intention, we are left with a strategy by implication, dictated by other priorities. Our work with refugees needs to be led by and organised around a vision for thriving individuals and communities. At present, the report makes clear that refugee support is often organised by the quirks of the DWP and short-term cost cutting. Refugees deserve better. As it happens, so do our national finances.

So a specific national refugee integration strategy makes sense. All the evidence indicates that it would have a positive impact on outcomes for refugees and, through them, for wider society. Still Human Still Here and Refugee Action both highlighted the positive role of previous UK-wide strategies in securing better outcomes. It is therefore also in our own best self-interest. Simply enfolding it into a broader social integration strategy will not be adequate. There are specifics about refugee integration that need their own clear strategy. According to the Scottish Refugee Council, the Scottish experience demonstrates that even the process of designing a strategy is beneficial, simply in getting all stakeholders around the table and buying into a common vision.

Over the course of the inquiry we identified six areas that any national refugee strategy should address: first, transition from asylum support to other forms of financial support and accommodation; secondly, ESOL provision; thirdly, employment and training; fourthly, health and well-being; fifthly, access to education; and sixthly, community empowerment. I trust that subsequent contributions may draw out some specifics in these areas.

The inquiry also heard about the importance of monitoring outcomes. While monitoring has previously taken place, Refugee Action noted that there are no current data on levels of employment rates of refugees and the number accessing ESOL classes. Before we even consider how to improve refugee integration, we need to know where we are as well as where we are trying to get to.

The Government already recognise the importance of outlining targets for refugees. The Government have produced a statement of requirements for local authorities for those resettled under VPRS. This captures a wider theme that emerged during the course of the report: the harm caused by the current two-tier system. I have seen first-hand the hurt and confusion caused to those who have not come through VPRS when they see the greater resources for ESOL and other provision available to those who have. Unequal treatment is causing resentment and actively impeding integration for those arriving under both schemes. There is of course something helpful in having a variety of parallel schemes: it becomes apparent what works. Best practice for VPRS is already being shared horizontally between local authorities. My hope is that the report will help the process of sharing best practice across all levels of government and all parts of the UK.

The work of discovering, implementing and sharing best practice needs a champion in government. The decision to end the role of Minister for Syrian Refugees was regrettable, particularly just as the legislative agenda threatened to sideline refugees. We are fortunate to have many Members across both Houses and all parties who are passionate about welcoming refugees, including the Minister, the noble Baroness, Lady Williams. Yet, as my brief outline hopefully demonstrates, improving integration is an incredibly complicated task. It will involve at least the Home Office, the Department for Work and Pensions, the Department for Education, the Department of Health and DCLG. Meaningful improvement across this number of departments will not take place naturally. If we are serious about leading the way in responding to the global refugee crisis, we need a Minister to head it up.

It was noteworthy how many agencies we heard from that operate in the voluntary sector. Refugees themselves offering evidence also spoke highly of the support that they received from such organisations, nationally and locally. It was heartening to see evidence of the work of churches during the course of the inquiry.

[The Lord Bishop of Durham]
Churches have been and plan to be at the heart of welcoming refugees to our country. We do so to join in the work of the one whom the psalmist describes as,
"a father to the fatherless, a defender of widows",
who,
"sets the lonely in families".

We are a welcomed people who desire to welcome others. We join faith and other communities in being committed to playing our part in improving the welcome offered to refugees. We are not simply asking the Government to do something for us, though obviously the report recommends specific action from them. Instead, the report is an invitation to work with us so that the whole of British society can benefit from the full contribution of those who have chosen, and have been chosen by, Britain.

In conclusion, will Her Majesty's Government appoint a Minister for refugees? Will they implement the report's call for a national refugee integration strategy? Will they seek to ensure that, when people are given refugee status, their experience will consistently be one of support and welcome rather than the varied and often distressing experience that is the reality for too many at present?

7.58 pm

Baroness Berridge (Con): My Lords, I am grateful to the right reverend Prelate for securing this debate. I hope Her Majesty's Government find the recommendations that he has outlined uncontroversial. While I still have questions for the Government, this is actually a good end-of-term report for the Home Office as far as I am concerned.

On 21 March 2016 in your Lordships' House, my noble friend Lord Farmer and I asked the Home Office to address the injustice in the then Syrian vulnerable people resettlement scheme. Yazidis and other religious minorities were excluded, not because they were not vulnerable according to the Government's criteria set or because they were not refugees, but simply because they held the wrong passports. Daesh persecuted regardless of the Sykes-Picot border, but Iraqi refugees were not eligible for the scheme. Many MPs and Peers in the All-Party Group for International Freedom of Religion or Belief joined in on the issue and some met with the Home Secretary, the right honourable Amber Rudd, back in March this year. We were surprised and delighted that, on 3 July, Her Majesty's Government announced that the Syrian vulnerable people resettlement scheme had had its criteria expanded to accommodate the resettlement of non-Syrian refugees who had fled the conflict. Information that we have received from NGOs working in the region highlights that members of persecuted groups, including the Yazidis, are now eligible for resettlement under this scheme.

There is, however, also anecdotal evidence from NGOs on the ground that locally hired UNHCR staff are not accurately recording the vulnerability of refugees who have different faiths to themselves, preventing some of the most vulnerable from accessing the resettlement schemes. Can Her Majesty's Government please ensure that, as religious minorities were targeted by Daesh, those refugees coming to the UK should at the very least reflect the religious make-up of Syria and Iraq prior to the conflict? The United States is encountering the same problem, so something is amiss with the assessment of the UNHCR. A change of policy without better implementation by the UNHCR—of which DfID unfortunately gave such a poor report in its multilateral assessment—will not achieve the result that Her Majesty's Government want to achieve through changing the scheme in this way. There are also suggestions that these other nationalities—such as the Yazidis, who are almost exclusively Iraqi—will qualify for our amended scheme only if they fled into Syria and then had to flee again from Syria. Can my noble friend please confirm, perhaps by writing to me later, that Yazidis who fled IS but went directly into Turkey will now qualify under our amended scheme?

I am also pleased that the report by the all-party group and the Asylum Advocacy Group from July 2016, *Fleeing Persecution*, which looked at how the Home Office assesses claims for asylum here in the UK based on religious persecution, has been taken seriously by the Home Office. We are working with them to retrain caseworkers on handling religious persecution asylum cases here in the UK. Religious persecution is one of the seven grounds for those applying for asylum here on which a claim can be made, but it is perhaps the most complex. A baptism certificate, if you are a Shia Muslim convert to Christianity in Iran, has a totally different evidential weight than one from a local Anglican church which may mean little more than that you had a layer of the wedding cake to use up. The APPG looks forward to working with the Home Office asylum team on this task over the coming weeks and is grateful to the NGOs, faith leaders and academics who are helping the Home Office in this task.

The welcome by the Church of England through its involvement in the community sponsorship scheme—as outlined by the right reverend Prelate—is encouraging, but I would be grateful to know if Her Majesty's Government are seeking to learn from Canada, a fellow Commonwealth country, which seems to have a very effective resettlement process and integration strategy. I trust that the recommendations from this report from the APPG on Refugees will be accepted by the Home Office. Like many people, my closest friends include many from west Africa, the Caribbean and Singapore who came here for work or education, became naturalised and stayed. But the richness of my community now also includes those who have fled persecution in the Horn of Africa, were given refugee status and then became naturalised. Their gratitude for the education and healthcare provided here to them and their children is truly humbling. If Her Majesty's Government are minded to create a Minister for refugees, can they give serious consideration to locating that Minister in DCLG, not the Home Office? As President Macron stated, there is a profound difference between economic migration and fleeing persecution. Let us keep this separate in government departments and hopefully separate in the minds of the great, generous British public.

8.04 pm

Baroness Lister of Burtersett (Lab): My Lords, I, too, am grateful to the right reverend Prelate for securing this debate on the report of the inquiry of which I was also a member and also to Jonathan Featonby

of the Refugee Council, who provided outstanding support, as well as those who gave evidence, particularly refugees themselves. I will focus my remarks mainly on one of the most serious impediments to refugee integration, which arises at the point that they receive refugee status. This should be a time of relief and joy. Instead, because of the well-documented problems created by the 28-day move-on period, it is all too often a time of despair—despair born of anxiety, homelessness and destitution. Remember: some of those affected are survivors of torture who are likely to be particularly fragile in terms of both physical and mental health.

A recurrent theme in the evidence that we received was that the period is too short to enable refugees to move seamlessly to mainstream social security and housing support. When I have raised this issue before in your Lordships' House, the response has tended to be that the problem lies mainly in the failure of refugees themselves to claim quickly. Of course, this can be a factor, but the evidence presented to us makes clear that 28 days is simply not enough time for many to make the transition, even if they claim immediately. All too often there are delays in receiving the documentation that newly recognised refugees need to access financial support and housing. One of those key documents is the national insurance number. Sami, a refugee from Iraq who gave oral evidence, told us that his was sent to his Home Office accommodation the day after he was evicted from it.

A concern raised by a number of organisations was the anticipated impact of the rollout of universal credit. Typically, UC is paid only after six weeks from the date of claim. This is because it is paid monthly in arrears and eligibility starts only after a seven-day waiting period and is premised on the assumption that new claimants are moving from paid work and have wages and/or savings to tide them over. So, even where the transition to mainstream social security goes without a hitch, the 28-day move-on period is incompatible with the six-week wait for UC. The report recommends that DWP ensures that the first payment is made within the moving-on period and that refugees are added to the list of groups exempt from the seven waiting days. Can the Minister tell us, or ask DWP to write to explain, what steps they are taking to prevent this problem arising?

The Minister knows of my concerns because she kindly met with me back in December. The decision to instigate an evaluation pilot through which assistance is provided with the transition to mainstream social security was welcome. However, it is now over 16 months since the noble Lord, Lord Bates, rejected an amendment to the Immigration Bill of 2016 to extend the move-on period with the promise that, if the evaluation showed it did not provide sufficient time, the Government would return to Parliament with a proposal to amend the regulations. According to a recent written reply, the pilot is currently being reviewed and key stakeholders will receive an update shortly. I trust that concerned parliamentarians count as key stakeholders, but I press the Minister for assurance that the evaluation will be properly published, as stated in her Written Answer to me on 29 July 2016, and that the Government,

"will bring forward a change to the current … move-on period",

if it is shown to be necessary. Our inquiry recommended that it be extended to at least 50 days and then kept under review. We would welcome the Government's response to this and the related practical recommendations in our report.

In the past, the Home Office has itself emphasised the importance of the move-on period for the longer-term integration of refugees. Other barriers to integration documented in our report include: inadequate support to learn English, other than for resettled Syrians; restrictive family reunion rules, identified recently by the UN refugee representative as one of the biggest obstacles to integration; and, we warned, the recently announced automatic use of safe return reviews. The Government are committed to publishing a new integration strategy following the Casey review; can the Minister give assurance that there will be an explicit strategy for refugee integration, as called for in our report and by the right reverend Prelate? Will serious consideration be given—as he also asked—to establishing a Minister for refugees to drive that strategy? Otherwise, I fear that, despite all the invaluable support provided by local communities, the current highly damaging two-tier system identified in the report will continue, and it will not be possible to remove the very big question mark from the title of our report, *Refugees Welcome?*

8.09 pm

Lord Scriven (LD): My Lords, I, too, thank the right reverend Prelate for securing this debate. I share the sentiments expressed by the noble Baroness, Lady Berridge: some progress has been made, and it would be churlish not to acknowledge that. However, further progress still needs to be made.

The report states that,

"the evidence we received shows that experiences of the asylum system can have a detrimental impact on future integration for those who are granted refugee status".

This a holistic approach: you cannot separate the asylum process from the granting of refugee status. I shall concentrate my remarks on those who seek asylum on the basis of sexual orientation or gender identity. Many of the problems experienced by this group were highlighted in the excellent report by Stonewall and the UK Lesbian and Gay Immigration Group entitled *No Safe Refuge*. When I attend UK LGIG events and ask people who have been granted asylum what that means to them, they do not talk about work or integration but about personal freedom—being able to be who they are and love who they wish, and getting back a sense of decent humanity and self-worth. However, that joy tends to turn to frustration quite fast once they become aware of the problems created by the way they have been treated by the asylum system, because for those who have been granted refugee status it tends to tie at least one hand behind their backs, and in some cases two.

I highlight three key issues. The first is detention of LGBTI people seeking refugee status. They say that it feels as if they are being put back into the closet, because they are held in detention with people from their homeland, some of whom hold very homophobic views. They also say that it affects their mental health and puts them back in that regard. Those who are

[LORD SCRIVEN]
granted refugee status want to integrate but do not feel they can totally be themselves, because they do not know what is going to happen round the corner, given the way they were treated when in detention. Because the Government have done that, they wonder whether there is something intrinsic in British society which means that the Government put them in a vulnerable position when they are seeking safety because of their sexuality. There are real issues in that regard.

Secondly, the length of time taken in decision-making is also highlighted in the report. The longer a decision takes, the more likely it is that the person will lose the skills and knowledge they may have which will keep them independent once they are granted refugee status. Only this week I met a wonderful Syrian couple, two young men who have waited 18 months for a decision. The Government accept that they are gay and that they are a couple: they have been given accommodation together. However, when you talk to them, they say, "I just want to work and be able to live independently". They cite little things and say, "I cannot have a bank account. That takes away my independence. I cannot even open an Uber account because I do not have a bank account and a bank card, so I cannot get around and be independent". The longer the decision takes, the less likely the applicant is to integrate easily.

The third issue concerns the Syrian vulnerable persons scheme. It is accepted that there will be LGBTI individuals among those vulnerable people. However, I cannot ascertain how the Government are recording whether any LGBTI person has been accepted on that scheme. Will the Minister confirm how many people have been accepted on the Syrian vulnerable persons scheme based on their sexuality or sexual orientation?

I have three questions. First, will the Minister commit to look at the detention of LGBTI individuals? The impact of that is traumatic, can be grave in terms of integration and can leave individuals scarred for life. Secondly, will she commit to look at the case of the two Syrians I have mentioned, not in terms of determining their case but looking at the human impact that a long period of 18 months can have before someone is granted refugee status? Rather than a statistic, it is a real human life example, which could make for better policy. Thirdly, will she review the way that the Syrian vulnerable persons scheme is working, or not, for LGBTI individuals? That clearly needs to be done. If the Minister and the Government commit to doing that, we can take this issue forward, help people integrate and play a bigger part in the life of this country and meet their full potential.

8.14 pm

Lord McInnes of Kilwinning (Con): My Lords, I thank the right reverend Prelate for bringing this report before the House. It is a positive sign that my noble friend the Minister of State is replying to the debate. Most of all, I thank the authors of the report, who have opened my eyes and shone a light on what happens to successful asylum seekers in the UK.

In the UK there was quite rightly a public outcry on behalf of refugees after the tragic death of the child refugee Alan Kurdi. These deaths are unfortunately all too common. As happens in Britain, the Government listened, reacted and committed to accepting 20,000 Syrian refugees in the lifetime of the Parliament. That is a very significant number, given the total number of asylum seekers is normally around 40,000 per year.

This report is timely because it has identified a two-tier system that has been caused because of the creation of a best practice—as we have heard from the right reverend Prelate—that a government focus on the resettlement programmes, especially the Syrian vulnerable people resettlement programme, has brought about. This two-tier system has now been recognised in both the APPG report and the report of the Home Affairs Committee in the other place published in January this year. The Government should be congratulated on their continuing commitment to the resettlement programme, working closely with local authorities across the UK. However, this excellent report from the APPG raises the plight of the four-fifths of refugees seeking asylum in the UK who are not part of the resettlement scheme and whose only choice is to seek asylum once they arrive in the UK. One of the great ironies of that is that 10% of all those seeking asylum are Syrians. That underlines the two-tier process that we have that some people of the same nationality can have two very different experiences.

As we have heard, the report correctly identifies the crucial moving-on period—the point at which the clock starts ticking for the successful applicant with 28 days left in Home Office accommodation and before Home Office financial support comes to an end. That is the period in which a successful asylum applicant has to find accommodation, find a job, seek benefits or enter education. It is clear from the APPG report that too much is currently left to chance. The timing of the arrival of the assigned national insurance number, the biometric residence permit and the letter informing the asylum seeker that they have been successful do not appear to be co-ordinated. In the report, there is an example of a successful asylum seeker who received notice to quit his Home Office accommodation but then did not receive notice that he had been successful in his appeal for asylum for a further fortnight. What should be a moment of vindication and hope for the successful asylum applicant becomes one of confusion and, for some, apparent freefall in the system.

I would be grateful to hear from my noble friend the Minister how the Home Office can further co-ordinate this moving-on period with other departments and local authorities to ensure a seamless move from Home Office accommodation. It is difficult to envisage how this could happen without a dedicated resource to support these vulnerable people and ensure that there is cross-departmental access for such a team. The best practice used for the resettlement programmes has surely provided an opportunity for the expertise gained within the Home Office to be deployed.

The Government have trialled successfully the community sponsorship scheme from Canada, and I would hope that they would also look to other international examples of where refugees have been successfully integrated and been able to fulfil their education and make an active economic contribution to their new state. We cannot allow vulnerable refugees to fall through the net and end up homeless in abject

poverty, therefore creating significant and, importantly, more expensive responsibilities for the state further down the line.

The Home Office has demonstrated the ability of central government to work closely with local authorities to ensure that vulnerable people are properly cared for in this country. The report we have from the APPG points in several important ways to how we can ensure that those same vulnerable people receive sustained support, co-ordination and management.

8.20 pm

Baroness Smith of Newnham (LD): My Lords, like other contributors to this evening's debate, I welcome the report from the APPG and thank the right reverend Prelate the Bishop of Durham for bringing this Question for Short Debate this evening.

Like the noble Lord, Lord McInnes, I found the report and the contributions eye opening. This is clearly an issue which ought to be much more the subject of public thought and debate than has been the case. We have talked about the Syrian refugees who were being brought to the United Kingdom, and the former Prime Minister was clear about bringing people over from the camps. That was a laudable aim, but we have not talked sufficiently about what we do to integrate refugees once they are given that status.

In September last year, the present Prime Minister said at the leaders' summit on refugees:

> "We must ensure refugees can live with dignity and self-sufficiency, as close as possible to their home countries, to deter them from making dangerous onward journeys, and to enable them eventually to return home and rebuild".

That all sounds absolutely laudable. However, what are Her Majesty's Government doing to ensure that those individuals and their families who are not rehoused, rehomed or resettled near to their home countries and who make it to the United Kingdom and are granted refugee status are indeed able to live with dignity and self-sufficiency?

Being awarded refugee status, as noble Lords have said, ought to be the start of something new and hopeful, but for many refugees that is not the case. As my noble friend Lord Scriven pointed out, the starting point for most asylum seekers is not being accorded refugee status—as is the case for the Syrians under the resettlement programme—but may be a detention centre. The very name "detention centre", for somebody fleeing for their life, sounds like an unfortunate place to start. We then ensure that those people, who might be highly skilled, talented, and who might have been professionals in their own country, cannot work; that has been brought up on a regular basis by my noble friend Lord Roberts, and I suspect that it may come up again this evening.

We do not allow asylum seekers to work and we give them a small amount of money; are we really treating them with dignity? Once they are accorded refugee status, as noble Lords have already pointed out, they have 28 days to claim benefit, which they will not get for six weeks, and to get new accommodation, which will be difficult. If you do not have references, do not speak English and have just arrived and have no contacts, how do you do all those things? Finding accommodation is difficult at the best of times for people who speak English and know how to work through the rules and regulations of this country. If you are new and you do not have advice, how do you do that?

It is extremely worrying that the APPG report talks about the difficulty of getting ESOL training and about the apparent cuts, despite a government commitment to increase provision of language training. Could the Minister tell the House what provision is being made and how far the provision of English language training is being thought about as part of a strategy for integrating refugees?

Finally, on health, the report notes the difficulty of getting access to GPs. That is very much the start of primary care. However, if people have fled difficult situations, they may have mental health issues, post-traumatic stress disorder or a whole range of complex medical issues that need to be dealt with. Many of those are difficult to talk about, even in one's mother tongue. If you do not speak English fluently and do not have the ability to express yourself in English, what provision is the NHS able to give to ensure that refugees are able to get adequate training and that interpreters are available? It is a second best, but at least it would be of some benefit in getting adequate healthcare.

In sum, there is a question about how we treat asylum seekers before they are given refugee status and how we treat refugees once we have given them asylum. Under the Geneva Convention on Refugees we have a duty. But there are also moral obligations: duties of hospitality. Do Her Majesty's Government believe that they are delivering on those?

8.25 pm

Lord Roberts of Llandudno (LD): My Lords, it is a privilege to take part in this debate, and I am grateful to the right reverend Prelate the Bishop of Durham for introducing it.

Two reports have been published over the last few days: one is *Refugees Welcome?*, which we are discussing now, and the other, from the British Red Cross, is *Can't Stay, Can't Go*. Both show that UK immigration and settlement policy is just not fit for purpose. The battles we have fought over the years are still unresolved: the right to work, adequate benefits, indefinite detention and fair treatment of young asylum seekers on reaching 18 years of age. It has been mentioned that there will be a revisiting of asylum decisions after five years, which will mean that, after that period, people who have come here and have been granted asylum can be placed in a situation where they could well be deported. Can the Minister give an assurance tonight that that is not so? The whole immigration process is a labyrinth of confusion—it is time for a complete overhaul and to listen to all concerned organisations so that they can contribute and their voices will be heard in any future legislation.

Tonight is also an opportunity to say thank you to all those have worked to exhaustion and often put their own careers on hold to meet the needs of those fleeing war and destruction. The refugee camps would not exist or function without them. We are eternally in their debt—not only major charities but many smaller

[Lord Roberts of Llandudno]
bands of people who have really gone to extremes and sacrificed in order to man these refugee camps. At home, too, we have scores of communities where people have opened their hearts and their homes to refugees. A host of projects have assisted with integration. They have done and are doing an incredible job to put ordinary people here in the UK in touch with people who have come from areas of great deprivation.

I happen to be associated with a fairly new organisation, the Citizens of the World Choir. It has people from 16 different nationalities, from A to Z—I thought that Aleppo in Syria would be good for A and that Z could be for Zimbabwe—and these people sing together with people from this country who have been here for many years. So you have many new projects. One of the youngsters who sings with this choir came to see me only today, and I asked him, "What is your dream?". He wants to be a footballer, so I am thinking of getting together a refugee football team. Perhaps some of your Lordships would like to volunteer to assist with that. We could have young people from different nationalities working together, enjoying themselves together and being given a wee bit of hope at a time of great darkness in their lives. The choir went to sing at the International Musical Eisteddfod in Llangollen a week ago, and he said to me, "You know, that was the greatest day of my life". He is from Afghanistan. We take things for granted. But this is about hope and about giving people a little bit of enjoyment at a difficult time. You see how they appreciate it. I mentioned before how people in Aberystwyth welcome asylum seekers. The asylum seekers gave flowers to the people of Aberystwyth.

Canada has been mentioned once or twice. It has accepted 40,000 refugees. Only last week I saw that there was a baptism in Calgary at which the child was named Justin Trudeau, after the Liberal Prime Minister. There is so much appreciation. People have open hearts—much more so than Governments. Here, we speak about choirs and sports teams and about so much that is done, and we say thank you to those people who have made sacrifices to help folk to integrate. We are all God's children. They have shoes and these people also have shoes. It is not a case of "you" or "me"; we are all God's family. Let us ask the Government to abandon their fear of critics. There are critics at the extremes who would deny any positive work with refugees. Let us take the lead from reports such as the one we are discussing this evening and take away the question mark in respect of *Refugees Welcome?* in this country.

8.31 pm

Lord Dubs (Lab): My Lords, I have one brief question about access to higher education, which relates to the recommendation at paragraph 139 of the report. During the passage of the higher education Bill, I was assured that the Government would give people with humanitarian protection refugee status to enable them to get student support immediately. Is that going to happen?

8.31 pm

Lord Rosser (Lab): My Lords, I too add my congratulations to those already expressed to the right reverend Prelate the Bishop of Durham on securing this debate and on the report of the inquiry, of which he and my noble friends Lady Lister of Burtersett and Lord Dubs were members.

As the report says, very little time has been given to considering what happens to refugees once they have been granted protection by the UK Government. Accordingly, the inquiry set out to ascertain to what extent refugees are welcomed into the UK. As has been said, the evidence to the inquiry indicated that a two-tier system has developed for refugees. Those who arrive through a resettlement route are provided with accommodation and receive support in accessing services and finding employment; for those who have gone through the asylum system, there is no such support.

Significantly, the inquiry report states that that has not always been the case, as between 2008 and 2011 the Government funded a programme to help newly recognised refugees through what is known as the move-on period, offering a year of support. However, the programme was ended in September 2011 and instead, after receiving a positive decision on their application, newly recognised refugees are now given just 28 days before the financial support is cut off and they have to leave their accommodation.

The inquiry found that, allied with the lack of support in accessing the social security system—asylum seekers are unable to work for at least 12 months—and the housing market, the shortness of the 28-day move-on period leaves many newly recognised refugees homeless and destitute. On top of that, there are delays in receiving the documents needed to register for social security support, and wrong or incomplete advice is given at jobcentres. In addition, with no payments being received for at least six weeks after an application is submitted under the national rollout of universal credit, the 28-day move-on period will not be long enough even for those refugees who receive all their documentation promptly.

The inquiry report recommended that the move-on period should be extended to at least 50 days and that a national refugee integration strategy, overseen by a Minister for refugees, should address the issues which newly recognised refugees face during the move-on period and which are highlighted in the report.

The inquiry report also concluded that there was a regrettable lack of a government cross-departmental strategy setting out how all refugees can be successfully integrated into the UK, not least covering the area of support in learning English, the lack of which can have an adverse impact on people accessing other areas of support, securing employment and taking a full part in community activities. The inquiry report made recommendations to address this issue, including an increase in funding for classes in English for speakers of other languages.

The report also drew attention to particular issues and barriers faced by some groups of refugees—not least women and children—such as exploitation and violence, greater delays in accessing support due to the non-allocation of a national insurance number, the shortage of available childcare and a lack of both education and experience of an educational environment. Again, the inquiry report includes recommendations to address these concerns.

Other issues raised in the report, and in respect of which recommendations are made, cover the causes of the difficulties for some refugees in being reunited with family members and the negative impact that this can have on their prospects for integration, as well as their state of mind. In addition, there is the impact that some aspects of the asylum system and the process itself can have on their future prospects of successfully integrating.

The inquiry report was published in April, so I hope that the Minister will be able to give us some idea of the Government's thinking on its analysis of the experience of new refugees in the UK and the recommendations made to address the issues identified.

As has been said, the report draws attention to good work that is being done in welcoming refugees. However, as it says:

> "Refugees want to integrate. They want to contribute their skills, qualifications, experiences and knowledge. They want to be with their families. They want to be safe".

It is surely in everyone's interests that all reasonable steps are taken to enable those goals and objectives to be achieved for those who have been granted protection by the United Kingdom.

8.36 pm

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, I thank the right reverend Prelate for securing this debate and all noble Lords who have taken part in it. We are grateful to the All-Party Parliamentary Group on Refugees for its report and the opportunity to debate it this evening.

As the report highlights, the point at which someone is granted protection or resettled in the UK and the time thereafter can be absolutely critical to the integration process. This is more important than ever given the Government's commitment to resettle 23,000 refugees on top of our long-standing resettlement schemes, as my noble friend Lord McInnes of Kilwinning pointed out. This commitment to resettle refugees involves not only central government but the work of local authorities and local sponsorship groups.

Last year—noble Lords referred to this—the Government launched the community sponsorship scheme, a pioneering initiative that enables community groups to welcome and support vulnerable refugee families into their communities. Many noble Lords referred to the Canadians. I met with some of them last night when I was in Manchester celebrating their community sponsorship scheme in Trafford—one of the first ones launched. I was delighted to meet a little boy who spoke perfect English with a Mancunian accent. He told me that he did not support United—who of course are based in Trafford—but supported City. He was a delightful child. Meeting the people last night was proof that community groups provide warm and welcome support for refugee families, including in housing, English language tuition, access to local services, employment and self-sufficiency.

All refugees in the UK should and do have broadly the same entitlement to public services and mainstream benefits as British citizens. However, integration goes far wider than that. It also involves a respect for our laws and values, and a willingness to participate in the society to which the new refugee has become connected.

The report touches on some important points and I shall try to respond to them in turn. The first, widely mentioned, point is the "move on" period, about which I know the noble Baroness, Lady Lister, is particularly concerned—but others also referred to it. Where an asylum seeker and any dependants supported by the Home Office are granted asylum, humanitarian protection status or another form of leave to remain, Home Office support continues for a period of 28 days —something of which noble Lords are well aware. The purpose of the 28-day period is to allow newly recognised refugees and those granted leave to remain the time to obtain employment or to apply for any mainstream welfare benefits to which they may now be entitled.

We are aware that some refugees have not been able to access these benefits before the 28-day period elapses, and this is why the Home Office and DWP have been working together to establish a new procedure to ensure that recognised refugees are able to access welfare support as soon as possible. The noble Baroness, Lady Lister, pointed out some of the impediments.

Recognised refugees are contacted by Home Office staff at the point they are granted refugee status, and if they need assistance an appointment is made for them with the DWP vulnerable persons service. This service assists individuals with their benefits application and with other matters, including setting up a temporary Post Office account for their benefits payments to be paid into if they do not yet have a bank account.

The noble Baroness also mentioned that a full evaluation is being undertaken, and the initial results are promising. We are committed to ensuring a smooth transition from Home Office support to mainstream support and have previously stated in this House that if our evaluation shows that the current 28-day move-on period is not enough, we will look again at the appropriate time period. I confirm once again to the noble Baroness that we will keep Parliament and this House updated on that.

On access to employment, noble Lords will be aware that asylum seekers are not allowed to work in the UK unless their claim has been outstanding for at least 12 months through no fault of their own. Those who are allowed to work are restricted to jobs on the shortage occupation list published by the Home Office. This policy is designed to protect the resident labour market by prioritising access to employment for British citizens and those lawfully resident here, including those granted refugee status.

Those who are granted refugee status or humanitarian protection, including those who are resettled to the UK, have immediate and unrestricted access to the labour market. Finding work is a key stage of becoming a part of your new community. In particular, it allows individuals to move towards becoming self-sufficient. We are aware, however, that for refugees it is particularly difficult to find employment, not least because of the language barriers referred to previously. I will explain how we seek to address that through provision in language skills.

In our approach to skills training overall, we aim to create a fair balance between the investment made by government, the employer and the individual. Adults who are granted refugee status are as eligible for

[Baroness Williams of Trafford]
funding from the Skills Funding Agency as any other resident and are not subject to the normal three-year qualifying period. The Government have to identify how to prioritise public funding and we think that this is an appropriate balance that is supportive of refugees. At the moment, it is too early to tell how access to the labour market and skills training will work out for refugees who arrive through the resettlement programme. Many of them will be here because of vulnerability and this may affect the length of time needed and the support needed for them to access the labour market when compared with others.

Language skills are clearly key to participation in the labour market and the ability to speak English is also a key enabler to successful integration. The basis of our work in this area is the support that the Government provide for learning English to speakers of other languages, known as ESOL, as part of a wider strategy to improve adult literacy in England. Colleges and training providers have the freedom and flexibility to determine how they use their adult education budget to meet the needs of their communities. They are required to plan which ESOL courses they deliver locally, within their resources, and through this they can meet the needs of newly recognised refugees. We do expect those attending to make a contribution to some of the cost of ESOL training, but not to all the costs. In fact, we meet 50% of the costs, and all the costs where people need ESOL training to get off benefits and into work.

We also recognise that voluntary and community-based groups can play a valuable role in helping individuals improve their English. Again, I have seen this at first hand in Manchester. They provide support, access to more information, a stronger sense of belonging, and the opportunity to help others and to increase personal skills, all of which are opportunities that should not be underestimated, and we welcome this involvement. On top of that, we are doing more as we learn about the experience of the groups who are arriving for resettlement and who have been identified as having particular vulnerabilities. We are tackling some of the difficulties that they face in attending English language classes. To support local authorities with addressing these difficulties, an additional £10 million has been provided so that they can deliver additional English language training for those arriving under the resettlement programme. A proportion of the funding, up to 25%, can be used to increase infrastructure, for example on training teachers and tackling barriers to accessibility.

Recognising that the need for childcare is a particular barrier to accessing ESOL, we have made additional funding of £600,000 available to local authorities in 2016-17, 2017-18 and 2018-19, and £500,000 in 2019-20 to enable them to provide additional childcare. We are also providing funding for regional ESOL co-ordination via strategic migration partnerships to promote best practice and map provision, along with support for authorities to commission services and co-ordinate volunteers.

I will turn now to children, as they get a special mention in the report. All children are entitled to free primary and secondary education. This is because the Government recognise that children are children first and foremost and we do not distinguish based on immigration status. Children in full-time education will receive English language support in schools. Further financial support for English as an additional language can be provided and the decisions are made at a local level.

Turning now to the findings of the report on family reunion, we support the principle of family unity and recognise the role it can play in supporting integration. The UK already has several routes for families to be reunited safely. We have reunited more than 23,000 refugees with their immediate family in the last five years and continue to do so. As the report highlights, the point at which someone is granted protection or resettled in the UK and the time thereafter can be critical to the integration process. It is more important than ever, given the UK Government's commitment to resettling 23,000 refugees on top of our long-standing resettlement schemes.

I am aware that time has moved on and that I will not be able to answer all the additional points which have been made in the debate. I thank all noble Lords for taking part. There are some specific questions which have been put to me, but in 12 minutes I cannot go through them all. I hope that I have outlined the points made in the report and I will write to noble Lords in due course.

Financial Guidance and Claims Bill [HL]

Committee (1st Day) (Continued)

8.48 pm

Clause 2: Functions and objectives

Amendment 8

Moved by ***Lord Stevenson of Balmacara***

8: Clause 2, page 2, line 19, leave out "provide" and insert "ensure provision of"

Lord Stevenson of Balmacara (Lab): My Lords, this is a brief amendment and stands on its own, I think primarily to ensure that the next group gets enough focus. We are back to the definition of words, which is obviously going to bedevil us as we go through the Bill. This one is slightly more generic than the others, in the sense that the description we have been given of the task of this new body is that of creating a mixture of direct provision and commissioning. However, sometimes the wording does not seem to match up to that, so the amendment suggests a better form of wording that would leave out "provide" and insert "ensure provision of". When we look up the dictionary definition of "provide", we see that it is basically an active verb whose primary meaning is to make available for use or to supply.

As I read it, it is there as an active verb, which means that the body to which it is applied will be doing things—implementing in an active way. Substituting "ensuring provision of" would mean a much greater accent on working with others to make sure that these things happened. The amendment applies to the pensions

arrangements referred to in line 19 of page 2. In many cases, the pensions guidance function would be carried out mainly in house, or others would be commissioned to do the work, so it may not be the most appropriate place for the amendment, but we pick up the same idea as we move through the Bill and look at the other aspects of the work of the organisation.

It is a probing amendment at this stage to invite the Minister better to articulate what "provide" means here. We want to know in particular whether commissioning work is envisaged in this limb, whether it involves any direct provision and, if so, what that would be. Can the Minister give some broad breakdown of the balance between those two aspects? I beg to move.

Baroness Kramer (LD): My Lords, I agree with the noble Lord, Lord Stevenson, that the amendment is possibly sitting in the wrong spot, because the various pension bodies being absorbed into this single body have provided guidance directly. It is advice provided through a commissioning, contractual arrangement, which I am sure everyone intends should remain in place. However, the underlying spirit of the point the noble Lord makes and the request for clarification are important.

I rise to speak merely because the Minister may answer that such issues are covered somewhat in Clause 4. I simply wanted to point out that that clause regularly uses "may", whereas I think the Government's intention —and that, I suspect, of many others in this Committee —is that this be a "must". So, the argument that Clause 4 is the answer to the question raised may not exactly work.

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con): My Lords, I thank the noble Lord, Lord Stevenson, for the amendment and for the opportunity to clarify. Amendment 8 would change the wording of the pensions guidance function by replacing "provide" with "ensure provision of".

I am of the view that the amendment would make little difference to the outcomes that the body will deliver. Pensions guidance will be provided by the body itself or on behalf of the body by its delivery partner organisations, whether or not the requirement is that the body "provide" or "ensure provision of" pensions guidance. It is important that the body be able to design its services in a way that best meets the needs of the public.

It is better to establish clearly the body's functions in Clause 2 and then set out in another clause which of those functions may be carried out by others. The amendment rather brings the two concepts together in Clause 2 in a way which is less clear.

Taken with Clause 4, as referenced by the noble Baroness, Lady Kramer, the wording of the pensions guidance function allows the body either to deliver information and guidance itself or to make arrangements with partners to deliver some, or all, of it. The mix of in-house and delivery partner provision will be for the body to decide. It would be wrong for me or indeed any of us to try to judge at this stage how much of the body's work will be done via commissioning and how much in house. That may to some extent depend on how much certain advice is sought and what direction and guidance—

Baroness Kramer: I am sorry to interrupt the Minister but am not clear on what she just said. The provision in Clause 4 says that,

"The single financial guidance body may arrange for another person".

That applies not just to the pensions guidance but to debt advice. My understanding was that the structure of debt advice currently underpinning MAS would be carried over into the Bill. Is this raising the option that the new body would provide debt advice directly? I am slightly unclear on that point. Could she help us with that?

Baroness Buscombe: I thank the noble Baroness for her intervention but I read it myself and I do not think it does—as she suggests—create that opportunity for the single financial guidance body to deliver the debt advice function. It says that it,

"may arrange for another person … to carry out any of the following functions on its behalf".

The SFGB is the delivery partner. On the reference to "may" rather than "must", from a legal standpoint it is already in the Bill that the guidance body can arrange for another person to carry out any of those functions. Indeed, it is implicit that it will.

I apologise but I have just been corrected in relation to the debt advice function. It is an option but not the plan—if that makes sense. I hope this explains what the wording of the pensions guidance function means in practice. I urge the noble Lord to withdraw his amendment.

Lord Stevenson of Balmacara: I thank the Minister for her comments. "An option but not the plan" might go down in history as a rather interesting way out of a dilemma. We might return to this issue in the group after next, so I will not spend time on it now. I am afraid my worry is that "provide", rather than some other wording, could be applied in future in a detrimental way to bodies that feel they have a role to play in this space, perhaps not so much in pensions but in other areas. For the moment, I would like to read carefully and reflect on what the Minister said before we consider how to go forward. I beg leave to withdraw the amendment.

Amendment 8 withdrawn.

Amendment 9

Tabled by ***Lord McKenzie of Luton***

9: Clause 2, page 2, line 20, after "occupational" insert ", state"

Baroness Drake (Lab): My Lords, in the interests of efficiency, I will move Amendment 9 and speak to Amendment 10.

Amendment 9 adds to the pensions guidance function of the new body matters relating to the state pension. In moving it, I do not seek to interfere or intervene in

[Baroness Drake]
the role of the Government's Pension Service. My focus is on the ability of the new body to give holistic guidance in helping members of the public. For many, the state pension will be the most important risk-free element of their income in retirement. Understanding how it and state benefits sit alongside their private savings will be important when considering their options and choices, and then making informed decisions—as will securing entitlements to state pensions, particularly for women where actively claiming credits for caring can be important. Pensions guidance gains from being informed by all of an individual's benefits and savings. That view will be facilitated if a pensions dashboard is successfully implemented.

Amendment 10 has the effect of extending the pensions guidance function of the new body to provide a single, public good pensions dashboard as a trusted consumer hub. Responsibility for provision in later life is shifting towards the individual. People rely on state, workplace and personal pensions and other savings to varying degrees. There will be multiple channels for them to keep track of and understand. A pensions dashboard would be a digital interface, a viewing space, where an individual can see all the information on their state pension and their different pensions savings pots. They can access their viewing space with their own digital identity.

A pilot dashboard is being developed by 17 providers under the auspices of the Treasury. A successful dashboard could evolve over time to include information such as ISAs and income drawdown—a range of information about an individual's finances, savings and investments. The fintech industry may develop the basic dashboard to include more tailored personal finance products.

9 pm

The pensions dashboard can change the way people view their pensions and savings. Get it right and it can improve transparency, support access to pensions information, empower savers and bring pensions into the digital age. But first and foremost it has to be built with consumer protection and safeguards at the heart of design and delivery. That is the first priority. The dashboard will have benefits to the industry and will promote innovation—but that should be the supporting, not leading, consideration.

There will be two important pieces of IT kit within the dashboard. One is a finding function to search across all providers and schemes to identify the savings data to be pulled down on to the dashboard; the other draws down the data on to the dashboard. For individuals, a dashboard means that they can see all their pensions and savings in one place, making it easier to engage and transact. It can be complicated for people to understand how much they have saved for retirement and to plan in good time. Information barriers exist. Small pots end up stranded. People now change jobs far more frequently and could end up with 11 or more small pots over their lifetime—a worryingly growing problem—but taking steps to aggregate them can be difficult and complex for the individual. Providers can deal with consumers with knowledge of their own pension savings, which they can also access with the individual's consent—a valuable tool in their own activities of selling products and services.

Behind this brief description of the dashboard is a huge governance challenge. For it to be successful, it needs near-universal coverage of millions of people and all the holders of their relevant data. Near-universal coverage raises the governance bar on protecting consumers from bad behaviour by providers, unregulated providers and scammers, when all their pensions and savings data can be identified and drawn down into one place, accessible through a digital identity. Those with a fiduciary duty, such as trustees, will not release their members' data to the dashboard unless they have confidence in the governance. Furthermore, it is necessary to address providers that are reluctant to put all relevant data on to the dashboard, such as for customers holding higher-charge legacy pension products.

My list is not exhaustive—so what are the key ingredients for a successful dashboard? There should be a single public service dashboard and the new financial guidance body could be allowed to be that dashboard provider. This is a natural starting point. Consumers need a safe place to view their savings and pensions, where they are not going to be aggressively marketed to and are safe from scams and from being lured into making poor decisions. Providing this safe space is a key purpose of my amendment. It could make pensions guidance more efficient and friendly. Individuals would have greater knowledge so it could improve the conversation, with less time spent on working out what people have—colloquially, sorting out the carrier bag—and more time spent on the quality guidance people need.

I am not saying that there should always be only one dashboard. In future, I can see the case for additional well-regulated dashboards. Some providers will want to provide access to a dashboard through their own website. This is a debate I am not pursuing today, but there is a real need to learn to crawl before we can walk and to walk before we can run. Starting with a public good dashboard will engender trust and confidence and put the savers first.

Research by the Money Advice Service for the pension finder dashboard Alpha project recommended that the dashboard could initially be available in one location. In the future, approved financial industry websites and apps could be able to host it. The research showed consumers' clear preference for the single-destination model for the dashboard and an anticipation or implicit assumption that it would be run by the Government or a government-backed service. Respondents said that they would have a greater level of trust in such a service because of expectations that the Government would not use personal data for commercial gain.

At the heart of the debate on the dashboard is strong and robust governance—and consumer protection for potentially millions of people—around not only the provision of a dashboard but the infrastructure that supports it. There are important issues of identity verification, data matching, pension-finding consent and the need to be policed and overseen. That oversight function needs to be rooted in a public service body, which could be the new guidance body. The industry has done a good job in driving a dashboard forward, but it will soon need to move into a new phase where that is driven forward in a more independent and autonomous way. Industry providers will be partial in

their view of the dashboard, which is rational for them, but that would be underpinned by its contribution to their sales of products and services.

My view is not novel. Sweden and Australia both provide their population with access to a clean version of a public dashboard. I urge the Minister to seriously consider the merits of this amendment, which addresses a real and growing need for the Government to give a clear signal on the direction of travel for strong and robust governance in the provision of a dashboard and the infrastructure that supports it. I beg to move.

Baroness Kramer: My Lords, I very much support the amendments moved and spoken to by the noble Baroness, Lady Drake, and the pressure they create on the Government to come up with some coherent answers to the very significant questions which have been posed. We are great supporters of the dashboard, as is, I suspect, almost everybody in this House who is engaged in pensions, savings and investment issues. However, I also spend quite a bit of time now trying to understand where artificial intelligence is taking us. The first question that is always asked is: who controls the data? Secondly, who controls the best analytics to be able to turn the data into a marketing opportunity?

The data will clearly become dominated very quickly by a limited number of companies. That in itself will become a mechanism that limits options for individuals and makes it extremely difficult for them to compare the options that they could source from a variety of providers. It tends to tie them back to a single, dominant provider. The Government surely have an interest in preventing the development of either those quasi-cartel or monopolistic structures, but early intervention is needed to make that possible. Who controls the dashboard will be an issue of real significance and there is a strong argument that it cannot be one of the commercial players, in whose interests it would always be to manage that dashboard to the advantage of their own proprietary products. I hope that the Minister will engage with this opportunity, because events are taking over in this area and government has a relatively limited scope in which to intervene to shape the framework.

Lord McKenzie of Luton: My Lords, briefly, I support my noble friend Lady Drake and the powerful case she has made for the public service dashboard. I will also speak to the proposal that pension guidance functions should include the state pension.

Decisions around receipt of the state pension are not necessarily a straightforward matter. As we know only too well, there has been some confusion over the age at which some—particularly women—reach state pension age and are entitled to access their pension. Reaching state pension age does not of course necessitate giving up employment. Deferring the state pension can generate a higher rate of pension and therefore possibly tax, albeit no longer with a lump sum. But deferral will not earn an income uplift in weeks where certain benefits might be in payment, for example for carer's allowance. The deferral increase is not inheritable. There are transitional rules for those reaching state pension age before 6 April 2016. As entitlement depends on a person's national insurance record, paid or credited, there may be decisions about the appropriateness of buying extra years. These are just some of the intricacies surrounding the state pension.

It is accepted that the Pension Service will provide details, including forecasts of entitlement, but should these matters not be considered in the round, particularly with the person's broader retirement planning? After all, for many people the state pension will constitute their biggest single risk-free income source for the rest of their lives. In their response to the final SFGB consultation, on page 10, the Government stated:

"the government believes people would benefit from access to joined up information and guidance to help them develop the financial capability they need".

Surely an understanding of what might flow from the state pension system is as important as an understanding of choices around pension pots. Indeed, given the recognition that the service should be directed at those most in need, are they not likely to be those for whom the state pension represents a significant part of their income?

My noble friend Lady Drake made, as ever, a powerful case for the pensions dashboard, and in collecting together details of all of a person's pension pots it is important that it should include the state pension. To be clear, we do not argue for SFGB to replace the Pension Service but for it to be able to feed its choices into how it might fit together with other pension opportunities.

Baroness Buscombe: I thank noble Lords for their contributions to this debate about the pensions guidance function. I shall begin by focusing my response on the questions around the state pension and shall then move on to the dashboard.

On Amendment 9, the noble Baroness, Lady Drake, and the noble Lord, Lord McKenzie, raised a question about information and guidance in relation to the state pension. It is, of course, vital that people have access to information about their state pension. Noble Lords will be aware that the Department for Work and Pensions is responsible for the policy and administration of the state pension. DWP offers a range of information and guidance through a variety of contact channels for people wanting to know about their state pension. The GOV.UK website is a key source of that information and guidance. It includes links which take people to the online services. For those who prefer to access information offline, DWP also provides leaflets, letters and other guidance on the state pension. All these forms of communication contain telephone numbers and the addresses of pension centres.

People seeking information about their state pension age or wanting a forecast of their state pension are able to contact DWP via telephone, textphone or email or, alternatively, they can write if they prefer. DWP also offers a digital service called "Check your State Pension" where customers can check a version of their state pension statement. Customers using this service can ask questions or raise queries by completing an online form. However, as with the current services, it is not appropriate for the body to become involved in specific issues relating to the detail or the handling by DWP of an individual's state pension entitlement, for example, where a person has not received their

[BARONESS BUSCOMBE]
state pension. These are matters that only DWP can properly respond to. As it has access to national insurance contribution records, DWP is the right organisation to deal with state pension-related questions, information and guidance. It would be inappropriate to expect pension schemes or the financial services sector to fund guidance on the state pension.

The single financial guidance body will be able to provide general guidance on the state pension in the same way as the existing services do now, for example, as general information on its website or as part of discussions with people. It will also direct people to the correct part of the GOV.UK website or provide the relevant telephone number or leaflet if a state pension query is raised during a face-to-face discussion, call or web chat or online inquiry. We expect the single financial guidance body to look for opportunities for a more seamless customer journey in the future as part of its programme of transformation across all its delivery functions.

I hope that I have clarified, in relation to state pensions, what the single financial guidance body can do and also the extensive service the DWP already provides to the public. Of course one of the key issues is the huge challenge which the noble Baroness, Lady Drake, referred to with reference to dashboards, and the same applies to the state pension in detail. The priority has to be around consumer protection safeguards, as she quite rightly said.

9.15 pm

On Amendment 10, I know that the noble Baroness, Lady Drake, has a great knowledge of pensions and also a keen interest in the excellent work done by the Pensions Advisory Service. Pensions and savings decisions are some of the most important a person will make during their lifetime. Pensions dashboards have the potential to unlock a huge amount of information that will help people make the best choices for them. The average person changes employers 11 times during their lifetime. They could have 11 or more private pensions by the time they retire. It therefore makes absolute sense that they should be able easily to view and understand their pension savings. The purpose of a dashboard is to provide a clear, online picture to an individual of all of their pensions savings in one place.

The Government were delighted with the excellent progress that was made by the pension providers that have worked together to make progress in the development of this important tool. Seventeen pension schemes and six technology firms, project managed by the ABI—the Association of British Insurers—successfully developed a working prototype of a dashboard in April this year. This proved that providing pensions information from different schemes in one place is feasible. The prototype indicated that the technology works, and this was a big first step forward in making pensions dashboards a reality.

However, it is still early days. For all the reasons that the noble Baronesses, Lady Drake and Lady Kramer, referred to—I would commend both their speeches to those who are actually developing this system—it is a huge and exciting task, but there is a huge governance challenge over who controls the dashboard, and the range of information will be enormous. An issue of course at the forefront of all noble Lords' minds at the moment is that of cybersecurity, and there will be so much information if we get this right and if it is to be able to provide a holistic service for pensions. It is early days, and a significant amount of work is needed to address the outstanding policy, technological and delivery questions before a consumer-facing dashboard could be rolled out.

I appreciate the purpose of the noble Baroness's amendment and the careful wording she has chosen. I recognise that there may be a role for the single financial guidance body in this space in the future, not least in encouraging its customers to use these helpful tools. However, as I sense the noble Baroness appreciates, at such an early stage in the development of the policy to support the dashboard it is difficult to determine what will eventually be required to deliver consumer-facing dashboards. This includes what the role of the body might be in hosting a dashboard.

Nevertheless, I believe that the drafting of the pensions guidance function as it stands would be wide enough to cover a number of operational options, including hosting a dashboard, in which case specifying this as part of that function is therefore unnecessary. I make it clear here and now, so that it is clear in *Hansard*, that this will not require legislation: this legislation would allow for this. To legislate to support a pensions dashboard at such an early stage in the development of the pensions dashboard policy would be risky. We cannot at this stage determine what will eventually be required to deliver consumer-facing dashboards or what the role of the body may be in hosting a dashboard.

One question relates to the issue of trust. Trust is essential, and the Government have been clear today that there would have to be standards on data security and how basic dashboard data are presented and used. Whether it is right to lock down the dashboard to one single entity, as the noble Baroness has suggested, has to be balanced against the range of possible innovation that has the potential to help consumers. The ABI-led industry project is helpfully exploring some of the key issues through a number of work strands: consumer research, industry research, data standards—and I could go on. But the requirement function in terms of verification is, of course, hugely important in all this. I agree with the noble Baroness, Lady Drake, that protection and safeguards must take priority over and above technological capability.

In light of the explanations I have given, I very much hope the noble Baroness will not press her amendment and feel able to withdraw the amendment in the name of the noble Lord, Lord McKenzie.

Baroness Drake: My Lords, I thank the Minister for her reply. I hope she will indulge me as there was quite a lot of detail, which I would like to pick up on. I completely accept the point that the single financial guidance body cannot take on the responsibility of the state, as delivered through the Pension Service, in determining what a person's state pension entitlements are. I was not seeking to transfer authority from one to the other. As the Minister mentioned, two elements of the "seamless journey" are that guidance can be made easier—because of the ability to access or integrate

state pension information into the guidance process—and, if the pension dashboard is a success, it unlocks transparency of information quite considerably and transforms how guidance can be performed.

The Bill is silent on the state pension. It would be welcome if there were some clarification—even if it is a sort of future banking—of what the function can embrace, in a way that is acceptable to the Government and the Government's Pension Service guidance embracing the state pension.

On the dashboard, I was not arguing—and I hoped I had stressed that—that the dashboard had to be a single entity. I was arguing, first, that there must be a public dashboard. It should not be the case that the public are dependent on a commercial provider for use of the dashboard. Secondly, there has to be a pretty clear statement, fairly soon, about some kind of public ownership of the governance and the dashboard. One cannot encourage 20 million people and rising—and every holder of data on an individual—to allow the data to be drawn down, unless these issues are addressed and the public have that level of assurance.

I welcome the Minister's statement that the legislation allows the financial guidance body to be the provider of a public dashboard. I am assuming—and I invite her to correct me if I am wrong—that Clause 2(3) and (4) would be the source of the legislative authority for the financial guidance body to be a provider of the public dashboard.

Where I disagree with the Minister is on the suggestion that these are early days. These are not early days; people are getting anxious. People wish the dashboard well; I wish it well. If we get it right, it is a transformational, welcome and great piece of progress. If we get it wrong, it is a high-risk consumer issue. I assure the Minister that increasing numbers of people are getting anxious about the governance issue. I have had lots of people—once they have seen my amendment—saying that these issues need to be rehearsed; they need to be brought out in public.

I ask the Minister seriously to think about using the opportunity of the Bill at the very least to write the fullest statement that the Government can give about their attitude to governance, the priority of the consumer interest driving this and the role of public governance, ownership and oversight of the dashboard, because there is real anxiety. People want to know. Sometimes, when one is sitting closely with the people working on the dashboard, one misses the growing anxiety of the wider community—including in the industry—on the issue.

I welcome confirmation that the legislation specifically allows for this, if the Government decide to do so, but there is a real need for the Government not simply to say that these are early days—we accept that these are complicated issues—but to come forward with the fullest possible statement recognising the challenge. People want that.

Baroness Buscombe: I very much thank the noble Baroness for her proposal, and I will certainly take her suggestion away. That is a sensible way forward, because the Government have at the forefront of their mind the importance of developing the dashboard with great care. The priority should be the consumer—indeed, this is a consumer-based Bill—and the role of public governance. So I will take her suggestion away and hope to come back with a full statement on Report.

Baroness Drake: I beg leave to withdraw my amendment.

Amendment 9 withdrawn.

Amendment 10 not moved.

Amendment 11

Moved by ***Lord Stevenson of Balmacara***

11: Clause 2, page 2, line 22, leave out subsection (5) and insert—

"(5) The debt advice function is to commission the provision of sufficient debt advice services, which are to be free at the point of use, to meet the needs of people in financial crisis in England."

Lord Stevenson of Balmacara: My Lords, we return to the question of provision, helped by the intervention of the Minister to say that the wording of Clause 2(5) is to be read as if it actually said, "the debt advice function is to provide"—with the assumption that it is an option but not a plan to do this by delegation to other bodies. That reflects comments made on an earlier amendment.

I should like to use this group of amendments to probe for responses on the scale, scope and funding, particularly of the debt space, because there are concerns in this area. Amendment 11 is a way to express the ambition across the debt space, and I recommend the wording. It is not open-ended; it sets down a few markers that could be used. It confirms that the debt advice services which are to be provided either directly or through commissioning bodies are to be free at the point of use and are to meet the needs of people in financial crisis in England.

Informed estimates suggest that there are probably about 2 million people in that category in England at the moment, of whom just over 1.25 million get a reasonable level of service from the existing bodies, primarily those which are offering pure advice, which are the Citizens Advice service, the Money Advice Trust and other smaller groups, but also those providing debt management plans, such as StepChange and some of the other smaller groups. There are also those offering solutions, which we talked about on earlier amendments.

The amendment would replace the current subsection. It clears up the question of what "provision" or "provide" mean and allows us to take the question forward on a secure basis, which will be comforting to those who are likely to be affected by the change from MAS to the new body.

Amendment 13 takes forward the point already made: this cannot be a top-down exercise. The single financial guidance body must work together with the existing debt advice services, which have been operating for 20 or 30 years—in the case of Citizens Advice, for much longer—know their stuff, are doing it well and are well respected by the industry, supported by it with

[LORD STEVENSON OF BALMACARA]
cash and are able to operate largely on their own without support from central Government or any other body.

I said at Second Reading and I say again that the proportion of money brought in by the Money Advice Service is very small relative to the total expenditure on debt advice. It has largely come from historic funding made by grant to Citizens Advice when it was a body directly responsible for consumer support more generally under BIS, and now it has been transmuted into support through the levy and paid through MAS. But that is not the totality of what is available in the debt space. The wording suggested in Amendment 13 is on the basis of the consultation and makes a general statement about what it is to be used for—which, again, I think would be helpful in clarifying those who are involved in it.

9.30 pm

Amendment 35 would take a bold step towards adequate funding on a sustainable basis, and I hope it recommends itself to the Minister. The intention is that we would set a quantum for the funding to be allocated towards debt advice that would be based on the reasonable needs, based on the numbers that were mentioned earlier. Those would be the scale, scope and funding arrangements, and I would be interested to get the responses to them. I am not saying that there is great disquiet in the sector, but anything of a comforting nature that could be said from the Dispatch Box would be helpful. The minimum would obviously be the status quo ante, but any possibility that efficiency savings or other sources of funding would be made available would be welcome.

Amendment 43 is of a slightly different nature; it probes the downside. Does this arrangement bring into question what might happen should there be a different set of arrangements pertaining—if "provision" were to be read as making active provision from the centre, thereby reducing the scope for activity and therefore for fundraising and support from other sources to the bodies that are currently operating in the debt space? It is a probing amendment, in the sense that in the wording that talks about the single financial guidance body arranging for another person to carry out functions it would delete,

"(b) the debt advice function",

saying that it cannot be so dismissed. In responding to this, could the Minister explain what is in mind here, without going into particular detail?

The questions being raised are about whether this could perhaps be a provider of services in the public sector—names like Serco come to mind. Is that the direction that we are talking about? Is it to be run as a sort of outpost of the SFGB in a manner that it can direct and control in a more effective way? How many of these bodies are envisaged? Is it going to be one of the existing bodies or will there be a sort of beauty contest between Citizens Advice, StepChange and other bodies that we have mentioned in the past, such as Citizens Against Poverty? Why is it drafted this way? The wording states:

"The single financial guidance body may arrange for another person … to carry out any of the following functions on its behalf".

That does not seem to me to get the sense of taking the existing arrangements, moving them forward, assessing the gaps and filling them with expert commissioned services, and making sure that the citizens who the Minister said are at the centre of the work of the Bill receive the service they deserve. I beg to move.

The Deputy Speaker (Baroness Fookes) (Con): I point out to noble Lords that if this amendment were agreed, I could not call Amendment 12 by reason of pre-emption.

The Earl of Listowel (CB): My Lords, I shall speak to Amendment 35. In thinking about services for children, many of us are often concerned that we do not begin with the needs of the child and work back from there; rather, we think, "How much money have we got to spend?", and then we start introducing the services according to what we can afford to do. So to begin by thinking how the service would need to be funded to deliver the reasonable needs of the public in England seems to be a very good starting place, and I hope the Minister can give a sympathetic reply.

Baroness Buscombe: My Lords, I thank the noble Lords, Lord Stevenson and Lord McKenzie, for tabling these amendments. The noble Lords have tabled a number of amendments that would make changes to the single financial guidance body's debt advice function. The approach of this legislation is to enable the body to respond to changing needs and cultural and technological development by giving it broad functions. It is our intention that the body commissions out the delivery of its service, as appropriate. Debt advice is currently commissioned, and I cannot see this changing any time soon. If we had not intended that the body should commission for its delivery services, including debt, there would have been no need for Clause 4 to specifically provide for this. That is just in relation to the whole issue of debt advice. I wanted to start off with that.

Clause 2 sets out the functions and objectives of the new body, including the debt advice function. The provision of debt advice is a core function of the new body. Problem debt can blight individuals' lives, and it is crucial that support is available to those who need it. Amendments 11, 13, 35 and 43, proposed by the noble Lords, Lord Stevenson and Lord McKenzie, offer a substantial revision of the new body's debt advice function. They are made up of five key parts, which specify that: first, the body must commission advice; secondly, advice must be free at the point of use; thirdly, advice must meet the needs of people in financial crisis in England; fourthly, advice must be commissioned on the basis of consultation with relevant bodies involved in the provision of information, guidance and advice on personal debt; and, finally, sufficient funds must be dedicated to the body's debt advice function. I shall address each of these components in turn.

In the first instance, it will be important that the new body commissions other parties in its efforts to ensure that debt advice is available to members of the public when they need help. As drafted, Clause 2 and Clause 4 together enable the delivery of regulated debt advice through delivery partners. Noble Lords will

know that MAS currently acts as a commissioning body for debt advice; the Government intend the new body to fulfil the same, or a similar, function.

In the second instance, the Government absolutely agree that any help funded by the new body should be free at the point of use. The Government's intention is to ensure that help is available to those who need it, and we would not wish to prevent members of the public from accessing help on the grounds of cost. Pension Wise, the Pensions Advisory Service and the Money Advice Service currently offer free-to-client help and, as the Government have noted in their consultations, the new body will do the same. Indeed, by bringing together pensions guidance, money guidance and debt advice into one organisation, this measure allows for greater provision of free-to-client help. The Government expect that savings will be made as MAS, TPAS and Pension Wise are brought together and, as a result, we expect a greater proportion of levy funding to be made available for the delivery of front-line services to members of the public.

On the third point, on the needs of people in financial crisis, it is of course critical that those in crisis receive support. However, I am concerned that the proposed amendment restricts the activities of the new body, placing too great an emphasis on those who are already in crisis while failing to mention help that the body might give to members of the public who are approaching moments of crisis. I think of the example of Emma, who the noble Earl, Lord Listowel, referred to on an earlier amendment. As the noble Earl quite rightly said, if only it could have been possible for her to approach something earlier—that has to be an aim of this body. It must be able to help not only those who are in real crisis but those sensing that they are getting into what we might colloquially call "hot water" and need help.

On the fourth point, I agree with the intention behind this amendment, which I believe is to ensure that the new body will work closely with those it is commissioning and that there is a comprehensive strategy for the sector. The spirit of this amendment is already captured by the body's strategic function and its stated objectives. The strategic function explicitly states that the body will be required to work with others in the financial services industry, the devolved authorities and the public and voluntary sectors, which together capture the organisations specified by the noble Lord in his amendment. The body's five objectives, including delivering its functions to those most in need, in areas where it is lacking and in the most cost-effective way, would not be deliverable if the body did not consult others.

Finally, I turn to the final point on ensuring sufficient debt advice funding. The Government agree that it is important that the body is able to meet increasing demand for debt advice in England if it is required to do so. As drafted, the current clauses allow funding for debt advice to increase so that debt advice is available when there is increased demand from members of the public. The body will submit a business plan for approval by the Secretary of State, which will form the basis on which the Secretary of State will instruct the Financial Conduct Authority to raise funds from its levy. The Government are confident that these arrangements are robust and will give the new body the ability to ensure that its debt advice function is properly funded. Decisions about how the body should allocate its resources, including to debt advice, are best taken by the management of the body in the light of its agreed business plan. It is, after all, accountable to Ministers for its decisions, who are in turn accountable to Parliament.

I would also like to observe that the Money Advice Service is working closely with partners on the plans for an independent review of the funding arrangements for the sector. Under its strategic function, the new body will be able to continue this valuable work as part of its aim to improve the ability of members of the public to manage debt.

Having heard these explanations, I hope the noble Lords will agree that the amendments are not necessary. I therefore urge the noble Lord, Lord Stevenson, to withdraw the amendment.

Lord Stevenson of Balmacara: I thank the Minister for her very comprehensive response. I would like to read it in more detail in *Hansard* but in the meantime I beg leave to withdraw the amendment.

Amendment 11 withdrawn.

Amendments 12 and 13 not moved.

Amendment 14

Moved by ***Lord McKenzie of Luton***

14: Clause 2, page 2, line 24, leave out "provide" and insert "ensure provision of"

Lord McKenzie of Luton (Lab): My Lords, I shall speak also to Amendments 15 and 20 in this group. Amendment 14 is straightforward and clarifies that the money advice function must ensure provision of advice as opposed to providing it—an issue over which we have already ranged. Amendment 15 spells out some of the aspects of the money guidance function. Amendment 20 adds to the strategic function,

"the awareness of scams and frauds relating to financial products"—

again, an issue we have touched upon already.

The Bill is drafted in somewhat general terms and states that the function is to provide information and guidance,

"to enhance people's understanding and knowledge of financial matters and their ability to manage their own financial affairs".

When exercising these functions, the SFGB must have regard to its objectives, which include improving,

"the ability of members of the public to make informed financial decisions",

and focusing on where information, guidance and advice is lacking and is most needed, and where it can be provided in the most cost-effective way. This must be set in the context of the acknowledgment that financial capability—what this is all about—in the UK is low, and many people face challenges when it comes to managing money.

In July 2017, in the response to the consultation, the Government recognised the importance of providing information and guidance by delivering, or signposting

[LORD MCKENZIE OF LUTON]
to, information on all money matters, including budgeting and saving, insurance, financial advice, bank accounts, protection from fraud and scams, planning for retirement and debt solutions. Therefore, it seems that a broad remit is anticipated, and we would support this. However, there seems to be no good reason why these functions could not be spelled out in more detail in the Bill. Can the Minister say whether any of the matters set out in the amendment are considered outwith the Government's intended scope of the money advice function and, if so, which?

Financial scams are, unfortunately, many and varied. We have already heard about that matter, so I will be brief. The people who perpetrate them are inventive and merciless. According to the Economic Crime Directorate of the City of London Police, financial crime has cost the UK a staggering £50-plus billion. Techniques encompass scams such as phishing, bogus investment opportunities—particularly for pensioners—intercepting home deposits, freebie scams, fake websites and many more. They can devastate people's lives, and, as we have heard, can destroy a person's retirement. Given the so-called pensions freedom, people around the age of 55 are being bombarded with investment opportunities. Citizens Advice calculates that nearly 11 million consumers have received calls about their provision since 2015. Given the hour, I do not propose to go further into that, because we have discussed it already. I beg to move.

9.45 pm

Baroness Buscombe: My Lords, Amendments 14, 15 and 20, tabled by the noble Lords, Lord McKenzie and Lord Stevenson, all cover issues relating to the body's money guidance function.

Before addressing each amendment individually, I will first explain what will be covered under this function. Under money guidance, the single financial guidance body will provide information and guidance on all money matters, including budgeting and saving, insurance, financial advice, bank accounts, protection from fraud and scams, planning for retirement, and debt solutions. This information and guidance will be provided to all members of the public mainly through a central website and call centre, but the body will also be able to delegate this function to external providers. It will also fund financial capability initiatives, designed to help people manage their finances better and gain the confidence, skills and knowledge to engage with the financial services sector.

Amendment 14, tabled by the noble Lord, Lord Stevenson, would replace the word "provide" with the phrase "ensure provision of" with regard to the money guidance function. I assure the noble Lord that the existing wording of the Bill would allow the single financial guidance body to provide money guidance itself or to ensure provision of such guidance through commissioning, as is further outlined in Clause 4. I agree with the noble Lord that it is important that the body have the flexibility both to run its own central website—an element overwhelmingly supported by the respondents to the Government's consultation—and to leave open the possibility in future to deliver money guidance through others.

Amendment 15, tabled by the noble Lord, Lord McKenzie, would add subsections to the money guidance function to include the statutory objectives of the Money Advice Service as originally set out in Section 6A of the Financial Services and Markets Act—the FSMA. In October 2015, the Government launched the public financial guidance consultation to seek views on how publicly funded pensions guidance, debt advice and money guidance—including financial capability—could best be structured to help individuals make effective financial decisions. There was a common view among consultation respondents that MAS's statutory objectives required it to deliver on too many fronts, making it difficult for it to truly excel in any areas and causing it to duplicate activity being carried out elsewhere.

The Government agreed with the respondents at the time that the statutory objectives of MAS are too broad—for example, the generic objective of promoting awareness of the benefits of financial planning. Respondents suggested that publicly funded money guidance should be targeted at filling gaps, where it is most needed. I assure noble Lords that the Bill as drafted will allow any existing MAS functions and services that meet the body's objectives to continue.

More specifically, promoting awareness of the benefits of financial planning and the financial advantages and disadvantages relating to the supply of particular kinds of goods or services, and publishing educational materials or carrying out other educational activities, are covered under the money guidance function. The SFGB's money guidance function also enables it to promote awareness of the benefits and risks of different kinds of financial dealing among members of the public.

Amendment 20, tabled by the noble Lord, Lord McKenzie, would include in the body's strategic function the awareness of fraud and scams. The Government believe that the body can already do this under its money guidance function and the financial capability element of the strategic function, and that it is not necessary to specify this further.

The Bill's functions were drafted to provide a framework so that the body has clear parameters but also the ability to prioritise. MAS's objectives were wide ranging but specified in a way that meant it had to deliver against them all with equal weighting.

However, we consider that giving the new body a specific requirement to advocate for a particular issue is unnecessary and could have unintended consequences. There are several topics that the body may wish to look into as part of its money guidance function, and specifying just one in legislation could risk limiting its ability to look widely at the sector and have regard to emerging issues in the future. That is absolutely key. This is a framework, because we have to think about future-proofing. Issues relating to money guidance and the handling of money will arise—issues we have not even contemplated as of today. That is why we are trying to keep this provision as broad as possible.

However, I am very grateful to noble Lords for asking what we mean by this or that, as I am able to clarify what we are seeking to achieve while giving the body sufficient flexibility to do the right thing going forward. For those reasons, I urge the noble Lord to withdraw his amendment.

Lord McKenzie of Luton: My Lords, I thank the Minister for that reply. I think we are in agreement on where the Government are on this issue. However, I would like to clarify one point. Can she say whether any of the money guidance functions listed in the amendment are now off the table?

Baroness Buscombe: At this time of night I want to be absolutely clear that I give the right answer, in which case I will write to the noble Lord.

Lord McKenzie of Luton: My Lords, I beg leave to withdraw the amendment.

Amendment 14 withdrawn.

Amendments 15 and 16 not moved.

Amendment 16A

Moved by ***The Earl of Listowel***

16A: Clause 2, page 2, line 32, after "children" insert ", care leavers"

The Earl of Listowel: My Lords, this group of amendments begins our discussion on the very important matter of financial education. Clause 2(7) reads:

"The strategic function is to support and co-ordinate the development of a national strategy to improve … the provision of financial education to children and young people".

My amendment would add "care leavers" to that group.

I apologise to the Minister, to officials and to noble Lords for having tabled this amendment late. Sometimes I take a little too much on, and I apologise in particular to the officials. I appreciate that the Minister's reply may have to be short and, if she wishes to write to me, I shall quite understand.

The main gist of my concern is to ensure that young people in care get the financial education they need. The Minister has just highlighted how important it is to get in early before the troubles arise, and I shall expand on that briefly.

I welcome the Children and Social Work Act, which was brought forward in the previous Session and clarified the duties of local authorities to both young people in care and care leavers. Peripheral to that, there is an ongoing review of personal advisers, looking at how well advised care leavers are on matters such as housing, employment, education and training. This is an opportunity to get reassurance that thinking about financial education will be fully integrated in that ongoing process.

Learning to manage finances is often a part of normal growing up. However, research by the Children's Society in 2016 found that almost half of local authorities do not provide financial education for children leaving their care. It is well documented that care leavers are particularly at risk of falling into financial difficulty and in the absence of a strong support network, the move to independence and the associated shocks and stresses can mean that the risk of debt can be very high. On average, children leave home at the age of 24 in this country, so care leavers have both the disadvantage of early trauma and are leaving and becoming independent much earlier than most of our children.

I urge the Minister to ensure that guidance to support the development of local authorities and others regarding care leavers in their area should include the commitment to provide high-quality financial education prior to young people leaving care.

Will the Minister join with me in welcoming the encouraging news that almost 30 local authorities—I believe it is 27—across England have taken the decision to exempt care leavers from council tax? That can be a particularly large bill and difficult debt for these young people up until the age of 25. Many local authorities which have a duty to care for these young people when they find themselves in difficult situations, are vigorously pursuing them to pay their council tax debt. That cannot be right and it is good that so many local authorities recognise it and I hope that many more will, too. I hope the Minister will encourage them in their efforts tonight.

I look forward to the Minister's reply. I beg to move.

Viscount Brookeborough (CB): My Lords, I welcome these amendments because they attract attention to the subject of education, which, in our report on financial exclusion, was a major part. The top of Clause 2(7) states:

"The strategic function is to support and co-ordinate the development".

It does not appear to have a lot of force behind it. Anything that we can do for care leavers, or anyone else, is most welcome, but one has to go back a stage and ask about the perfectly normal schooling that goes on: is the education actually occurring and, no matter what we write here, will it happen?

We wrote in our report:

"When considering provision in English secondary schools it is also important to note that the national curriculum"—

to which financial education was added in 2014—

"applies only to maintained schools (those run by local authorities) and not to academies, free schools and the independent sector".

That has resulted in there being still no requirement for English primary schools to include financial education as part of their teaching. In addition, as only 35% of state-funded secondary schools are now maintained schools, the obligation to teach financial education does not apply at all to nearly two-thirds of all secondary schools. Therefore, there was a big hole in this from the start. No matter what we say in these clauses to attract attention to all parts of schooling, the basic financial education is not taking place, as the noble Earl said.

From the point of view of our report, the one thing I could never understand is that we are talking about financial education throughout people's lives, and the only time we have the total population—in this case of England—within our control and have their attention is at school. If we do not have compulsory financial education of some kind in school, when things go wrong later we do not know where we are trying to pick them up from.

[Viscount Brookeborough]

When we raised this subject, the question of teacher time arose. We also heard the comment that teachers were not qualified to teach financial education. However, at the moment we have no financial education and anybody must be qualified to teach children—we all had money boxes—to save a bit, to add it up, to save it for the weekend, even if it is done with sweets or whatever. They complicate this by saying, "How can teachers be capable of teaching children about pensions and so on?". We are not getting to the point of teaching them about things like that in the first place, and surely there must be a simple level playing field by the time everybody leaves school, or they are permitted to leave at the earliest age of 15. By that time all young people should have been given a very basic financial education: how to save money, where to put it, what a bank is for and so on. I do not believe that not being able to teach them about investing in the stock market or pensions is the crucial point.

As I understand it, a comment made in the Youth Parliament, made up of young people who have left school and are ready to go to university, showed that one of their highest priorities was that they had not been given any financial education. These are life skills. All education, whether it is in physics, chemistry or geography, is part of a young person's education and is for a job, but financial education is a basic skill and the lack of it is the cause of so many social problems in our country. Why can we not ensure a level of financial skill when young people leave school so that anybody picking them up later on knows that they have only to go back so far? Instead, we have some young people with a little knowledge and many with none. So I totally support these amendments for drawing attention to the issue, but I am afraid that we have to go back one stage further. We have to do something about this because once young people have left school, we no longer have the audience and we wait for them to appear in debt, homeless and everything else. For those reasons, I certainly support the amendment.

10 pm

Baroness Altmann (Con): My Lords, given the hour I shall speak briefly to my Amendment 17 in this group. The single financial guidance body is being asked to develop a national strategy to improve financial education. At the moment the Bill specifies only that this needs to be delivered to children and young people. However, we need to educate everyone about finances, not just young people. We are auto-enrolling everyone in the workplace into pension schemes. We know that workers will not have been given any financial education at school, so why are we focusing only on children and young people? I would like to replace the phrase "young people" with the word "adults". By the way, I accept completely the point that care leavers are extremely important. But as a complement to auto-enrolment, making sure that financial education is delivered, perhaps in the workplace alongside auto-enrolment, seems to be an important potential function of the single financial guidance body.

Lord Sharkey (LD): My Lords, I shall speak to Amendment 18 in this group which is tabled in my name and that of my noble friend Lady Kramer. I agree with everything that has been said so far except perhaps for one thing. If the Government accept the amendment tabled by the noble Baroness, Lady Altmann, we will have a universal obligation as regards financial education. I can see the appeal of that in theory, but in practice I wonder how it would work out. Children and adults constitute the whole of the population, but I think that the intention of the Government in Clause 2(7)(c) is to identify groups where particular emphasis on the provision of financial education is needed. That is probably why they specifically mention "children and young people". I agree with the approach of putting an emphasis on the groups that most need or will most benefit from financial education.

However, there are other critical target groups in need of special attention, and the noble Earl, Lord Listowel, has identified such a group. That is what our amendment is aimed at. It seeks to extend the group of special targets beyond a couple of age demographics to major financial events in the course of people's lives. It would extend the group of special targets to those who are about to make major financial commitments. It specifies the obvious ones such as mortgages and pensions, and nowadays vehicle finance plans, but leaves it open to the SFGB to decide what other major financial commitments it may want to include in its overall strategy.

The Bill is drawn a little too narrowly on this issue and would benefit from our proposed changes and those proposed by the noble Earl, Lord Listowel. I hope that the Minister will feel able on this last amendment of the first day to break the habit of the day and accept a modest and uncontroversial amendment.

Lord McKenzie of Luton: My Lords, we would support a proposition which broadens as widely as possible the provision of financial education, but the issue that arises is how it will be delivered. I say to the noble Viscount, Lord Brookeborough, who was the leading voice on the committee in favour of financial education and led the charge on it, that if he is around September he will see that we have tabled a couple of amendments which deal specifically with two of the recommendations in the report about making it part of the curriculum in the primary sector, because we are behind the devolved Administrations in that regard. Latching on to the Ofsted framework is a means of getting some leverage, but, even with that, we know that it will be a challenging task. However, it is hugely important.

The data show that by getting to young people at school you can embed those ideas early, and they stick. Of course, a framework is there within which it can be delivered. Notwithstanding that it has been a requirement of the secondary sector for a number of years, as the noble Viscount said, we know of its patchy delivery—and there are clearly funding issues. I have pre-empted a little the amendment which we will come back to in September. We will perhaps pick up this important issue again then. Certainly, making sure that such education is available to the most vulnerable is important, and we support it.

Baroness Buscombe: My Lords, Amendments 16A, 17, and 18, tabled respectively by the noble Earl, Lord Listowel, my noble friend Lady Altmann, the noble Baroness, Lady Kramer, and the noble Lord,

Lord Sharkey, would alter the strategic function on matters relating to financial education. However, I thank all of them for highlighting the important issue of financial education. While I appreciate the points that they make, the amendments as drafted simply do not work and are not appropriate.

Financial education is a specific area under the body's strategic function targeted specifically at children and people of a young age to ensure that they are supported at an early stage on how to manage their finances—for example, by learning the benefits of budgeting and saving. I entirely agree with what the noble Viscount, Lord Brookeborough, said in this regard. It is crucial to "capture them young", as I think the expression goes. Perhaps it would be more useful if I set out more fully what is covered by the body's strategic function and the financial education element within that.

Through its strategic function, the single financial guidance body will bring together interested partners in the financial services industry, the public and voluntary sectors, and the devolved Administrations with the aim of improving the ability of members of the public to manage their finances. To deliver that, the body will support and co-ordinate a strategy. The premise of the strategy is that one organisation working independently will have little chance of greatly impacting financial capability, but many working together will—a point referenced by the noble Lord, Lord Sharkey. It is question of delivery. One body cannot deliver to all; it simply would not be practical for that one body to be in charge of every stage in life. The strategy should therefore be seen as a collective effort by multiple parties. The role of the new body will be to drive the process forward and oversee implementation.

More specifically, financial education is a subsection of that effort under Clause 2(7)(c). The SFGB will have a co-ordinating role to match funders and providers of financial education projects and initiatives aimed at children, and will ensure that they are targeted where evidence has shown them to be more effective. This falls within the wider strategic financial capability work of the body and should form part of a national strategy to enhance people's financial capability. The Money Advice Service has been undertaking that role, which is one of the aspects that respondents to the Government's consultations overwhelmingly agreed the new body should continue working on.

Amendment 16A would alter this function so that a strategy for the provision of financial education was extended to care leavers. I thank the noble Earl for raising this important issue. The Money Advice Service in its financial capability strategy recognises that more needs to be done to address care leavers' financial needs and skills for independent living. The Government agree, and we expect the new body to consider further initiatives to support care leavers, but also other young people from marginalised backgrounds—for example, those leaving youth detention or with learning difficulties. The Government believe all these segments of the population are already covered in this section under the provision for young people. Specifying a provision for care leavers would create a specific requirement for the body and remove its discretion to target those most in need.

Amendment 17 would alter the wording of the Bill so that the strategy for the provision of financial education extended not to children and young people but to children and adults. Amendment 18 would make provision specifically for adults contemplating difficult financial decisions, such as mortgages, pensions and vehicle finance plans. As my noble friend Lady Altmann stressed, it is important that adults are informed and educated throughout their lives about how to manage their money well and avoid falling into problem debt. However, this is the role of the SFGB as a whole, as it delivers money and pensions guidance and debt advice. Also, the strategic function under Clause 2(7)(a) already gives the body a specific responsibility to work to improve the financial capability of adult members of the public, including in relation to the areas highlighted in the amendment tabled by the noble Baroness, Lady Kramer, and the noble Lord, Lord Sharkey.

We believe that it is unwise to give the new body a requirement to advise the Secretary of State on explicit issues, as worthy as those issues are. There are several topics that the body may wish to look into as part of its strategic function. Choosing a few could risk limiting the body's ability to look widely at the sector and have regard to emerging issues in future.

I want to make further reference to what the noble Viscount, Lord Brookeborough, said this evening. I entirely support much of what he said on teaching basic skills in managing finances. I am aware that the Lords Select Committee on Financial Exclusion raised the primary school curriculum in its recent report on financial inclusion. The Government will address the committee's recommendations on this issue when they publish their response in due course. I just add that the first recommendation made in that report proposed that we should have a Minister for financial exclusion. We preferred to refer to "inclusion", and my honourable friend Guy Opperman MP is the first Minister for Pensions and Financial Inclusion. I have already been in discussions with him about how we can work with the Minister for Education in another place to take forward some of the recommendations in the report and discuss in further detail the concerns raised in it, particularly about primary school education. For those reasons, I hope noble Lords will accept that the amendments are not necessary. I urge the noble Earl to withdraw the amendment.

10.15 pm

The Earl of Listowel: My Lords, I thank the Minister for her sympathetic and encouraging response. I am particularly pleased to hear that the body is going to look at issues such as youth detention and young people with learning difficulties, and have a strategic role in that. I thank noble Lords, particularly the noble Viscount, Lord Brookeborough, who spoke in support of this issue around early education and access to financial education. I am most grateful to them.

A particular issue for young people in care is that they may not have easy access to school and may be changing schools a lot. It is very important that the people in the parental position—the corporate parent—take that opportunity to teach them about financial matters, especially as they often have such early responsibility for their own financial matters. Perhaps

[The Earl of Listowel]
the Minister might consider writing to me on what progress is being made in improving the financial education delivered by local authorities to young people in care. In 2016, the Children's Society report found that only half of young people leaving care had had that experience. Is there some progress on that? If the Minister has time to do that, that would be welcome. It is very good news that we now have a Minister, Guy Opperman, looking at financial inclusion. That is welcome. I beg leave to withdraw the amendment.

Amendment 16A withdrawn.

Amendment 17

Tabled by ***Baroness Altmann***

17: Clause 2, page 2, line 32, leave out "young people" and insert "adults"

Baroness Altmann: I thank my noble friend for her response. I stress that it is really important for us to overcome the idea that education is something that happens only when you are young. Education should be happening throughout life and, if this body is not going to co-ordinate the development of a national strategy for financial education not just for people who are young, perhaps my noble friend could give some thought to how we will develop such a national strategy.

Amendment 17 not moved.

Amendment 18 not moved.

House resumed.

House adjourned at 10.17 pm.