

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

Public Bill Committee

## FINANCIAL GUIDANCE AND CLAIMS BILL [*LORDS*]

*First Sitting*

*Thursday 1 February 2018*

*(Morning)*

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### CONTENTS

Programme motion agreed to.  
Written evidence (Reporting to the House) motion agreed to.  
CLAUSE 1 agreed to, with an amendment.  
SCHEDULE 2 agreed to, with an amendment.  
CLAUSE 2 agreed to.  
CLAUSE 3 under consideration when the Committee adjourned till this day  
at Two o'clock.

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**not later than**

**Monday 5 February 2018**

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**The Committee consisted of the following Members:***Chairs:* ANDREW ROSINDELL, † GRAHAM STRINGER

† Amesbury, Mike (*Weaver Vale*) (Lab)  
 † Black, Mhairi (*Paisley and Renfrewshire South*) (SNP)  
 † Burghart, Alex (*Brentwood and Ongar*) (Con)  
 Coyle, Neil (*Bermondsey and Old Southwark*) (Lab)  
 † Donelan, Michelle (*Chippenham*) (Con)  
 † Dromey, Jack (*Birmingham, Erdington*) (Lab)  
 † Fovargue, Yvonne (*Makerfield*) (Lab)  
 † Foxcroft, Vicky (*Lewisham, Deptford*) (Lab)  
 † Glen, John (*Economic Secretary to the Treasury*)  
 † Latham, Mrs Pauline (*Mid Derbyshire*) (Con)

† Mackinlay, Craig (*South Thanet*) (Con)  
 † Merriman, Huw (*Bexhill and Battle*) (Con)  
 † Milling, Amanda (*Cannock Chase*) (Con)  
 † Opperman, Guy (*Parliamentary Under-Secretary of State for Work and Pensions*)  
 † Reeves, Ellie (*Lewisham West and Penge*) (Lab)  
 Thomas, Gareth (*Harrow West*) (Lab/Co-op)  
 † Tracey, Craig (*North Warwickshire*) (Con)

Jyoti Chandola, Gail Bartlett, *Committee Clerks*

† **attended the Committee**

# Public Bill Committee

Thursday 1 February 2018

(Morning)

[GRAHAM STRINGER *in the Chair*]

## Financial Guidance and Claims Bill [Lords]

11.30 am

**The Chair:** Good morning. Before we begin line-by-line consideration, I have a few preliminary housekeeping announcements. Will Members please switch all electronic devices to silent? I notice some tea and coffee on the tables. I would be grateful if Members could please remove them and not bring them into the room. I will first call the Minister to move the programme motion agreed by the Programming Sub-Committee.

*Ordered,*

That—

- (1) the Committee shall (in addition to its first meeting at 11.30 am on Thursday 1 February) meet—
  - (a) at 2.00 pm on Thursday 1 February;
  - (b) at 9.25 am and 2.00 pm on Tuesday 6 February;
- (2) the proceedings shall be taken in the following order: Clause 1; Schedules 1 and 2; Clauses 2 to 20; Schedule 3; Clauses 21 to 24; Schedules 4 and 5; Clauses 25 to 31; new Clauses; new Schedules; remaining proceedings on the Bill;
- (3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 6 February.—(*Guy Opperman.*)

*Resolved,*

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Guy Opperman.*)

**The Chair:** Mr Speaker has asked that we explain the procedure in more detail than used to be the case before we start our main proceedings.

We now begin line-by-line consideration of the Bill. The selection list for today is available in the room and on the Bill website. It shows how the selected amendments have been grouped together for debate. Amendments grouped together are generally on the same or a similar issue. The Member who has put their name to the lead amendment in a group is called first. Other Members are then free to catch my eye to speak on all or any of the amendments in the group. A Member may speak more than once in a single debate.

At the end of the debate on a group of amendments, I shall call the Member who moved the lead amendment again. Before they sit down, they will need to indicate whether they wish to withdraw the amendment or seek a decision. If any Member wishes to press any amendment or new clause in a group to a vote, they need to let me know. I shall work on the assumption that the Minister wishes to reach a decision on all Government amendments when we reach them.

Please note that decisions on amendments take place not in the order they are debated, but in the order they appear on the amendment paper. In other words, debate occurs according to the selection and grouping list; decisions are taken when we come to the clause that the amendment affects. Decisions on adding new clauses or schedules are taken towards the end of proceedings, but may be discussed earlier if grouped with other amendments.

I shall use my discretion to decide whether to allow separate stand part debates on individual clauses and schedules following the debates on relevant amendments. I hope that explanation is helpful to members of the Committee.

### Clause 1

#### THE SINGLE FINANCIAL GUIDANCE BODY

**The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman):** I beg to move amendment 1, in clause 1, page 2, line 6, at end insert ‘and the devolved authorities.’

*This amendment, together with amendment 18, will enable transfer schemes under Schedule 2 to transfer staff, property, rights and liabilities from the consumer financial education body to the devolved authorities. This may be necessary in view of the fact that the devolved authorities will be responsible for the provision of debt advice in their areas (see clause 15).*

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

Clause stand part.

Government amendment 18.

**Guy Opperman:** It is a pleasure to work under your chairmanship, Mr Stringer, and I welcome all colleagues to the Committee. I am grateful to those Members of the House of Lords who contributed to the Bill—it started in the other place—expanding and improving it in a significant and important way.

The Bill builds on a Government commitment to ensure that members of the public can access good-quality, free-to-clients and impartial financial guidance and debt advice. Those services are currently provided by a number of different organisations, including financial services firms, utilities and those in the charity sector. Government-sponsored pensions guidance, money guidance and debt advice is provided by the Money Advice Service, the Pensions Advisory Service and the Department for Work and Pensions under the Pension Wise banner.

There have been a multitude of reviews, Select Committee assessments, consultations and calls for evidence since 2015, by which we reached the state in 2017 when the Bill was introduced in this Parliament. Consequently, clause 1 establishes a new non-departmental public body, to be referred to in legislation as the single financial guidance body. The clause introduces schedule 1, which provides details of the proposed governance and accountability of the new body. The provisions within the schedule deal with, for example, the appointment of the chair, non-executive members, executive members and staff, the delegation of duties within the body, the constitution of the committees, and the statutory reporting and accounting procedures.

Clause 1 allows the Secretary of State to make regulations to replace the phrase “single financial guidance body” in legislation with the actual name of the body—the

body will be named nearer to the time it becomes operational. The regulations that name the body will be created through a statutory instrument under the negative procedure, which is subject to annulment by either House of Parliament.

Clause 1 dissolves the consumer financial education body now known as the Money Advice Service. Schedule 2 allows the transfer of staff, property, rights and liabilities from the Pensions Advisory Service and Pension Wise—in effect from the Secretary of State to the new body. The schedule allows similar transfers from the Money Advice Service to the new body. I have met all three organisations and discussed the proposed merger with them. I can assure the House that all three are keen to merge, which is rare in Government mergers and should be applauded.

Amendments 1 and 18 are technical in nature and extend the power to make transfer schemes under schedule 2 to the devolved authority. Schedule 2 already allows the Secretary of State to transfer staff, property, rights and liabilities from the Money Advice Service to the new single financial guidance body. This is required to ensure continuity of provision, including on contracts held, and avoid disruption to services in the creation of the body. The devolved authorities will have responsibility for the provision of debt advice in their areas once the new body is established. Devolved authorities have been consulted on this and are very much in agreement. Amendment 1 therefore helps to avoid similar disruption to debt advice provision in the devolved authorities when the new body is established.

**Jack Dromey** (Birmingham, Erdington) (Lab): It is an honour to serve under your chairmanship, Mr Stringer. Let me start by paying tribute to the three organisations that are being merged into one—the Money Advice Service, the Pensions Advisory Service and Pension Wise—for the work they have done over many years. The Minister is right that all three agree about the good sense of bringing them together into one body. Why? Because all three know from experience, and have advocated, that high-quality advice—independent, trustworthy and there when it is needed—is of the highest importance, particularly in circumstances of redundancy, death or divorce, when the financial consequences for the citizen can be very serious.

I will give some examples. In Port Talbot, the staff supervisor told Michelle Cracknell, the chief executive of the Pensions Advisory Service, that he was distraught that he had been badly advised on pensions and that the 20 others on his shift had followed his lead. He burst into tears when he said, “It’s not just the mistake that I’ve made; it’s the mistake that others have made following my example.” I remember a victim of domestic violence in my constituency saying, “I borrow to pay the debt, because I borrow to pay the debt, because I borrow to pay the debt.” That is the downward spiral into which citizens all too often fall at a time of crisis in their lives. A Kingstanding dustman said to me, “I’m an agency worker on a zero-hours contract and I would love to buy a house, because my wife is pregnant and we’re paying a fortune in rent.” He went on to say, “It’s not just that: because I’m on a zero-hours contract, I can’t plan. I keep getting into debt. I’ve had bad advice.”—he used stronger words than those—“Where do I turn?”

That is why we made it clear on Second Reading that this is a welcome Bill and a strong step in the right direction, and it has been strengthened by constructive

debate in the other place. Our intention is to make a good Bill better still and to inject a sense of urgency into some of its proposals, because the dignity and financial wellbeing of our citizens, in opportunity or adversity, is of the highest importance.

We agree to the concept of the new organisation and support the direction of travel. We will seek to amend the Bill in certain key areas in order to strengthen it further, so that it delivers, particularly for those in desperate need and in circumstances in which there are still too many rogues taking advantage of the vulnerable. There is a joint determination across the House to ensure that nothing but the best is provided in the future for the British people. I am talking about high-quality advice that they can count on in all circumstances.

**Mhairi Black** (Paisley and Renfrewshire South) (SNP): I echo much of what the hon. Member for Birmingham, Erdington has just said. I am very grateful, on a Thursday morning, that the Bill is not contentious—I do not know about anyone else here, but I am not in the mood for arguing. We have proper concerns about only three areas of the Bill. The first relates to how young people are involved and educated through it. The second question is whether we can clear up some of the difficulties between guidance and advice. The third and most important issue is dealing with clause 5, because what we have from the Government now is wholly inadequate. With that said, I look forward to having genuine discussions in Committee.

**Guy Opperman:** I am grateful to colleagues for their comments, which I endorse. I look forward to responding to the specific points. I accept and anticipate that there will be a legitimate discussion as to the appropriate way forward in respect of default pensions guidance, on which I know both Opposition Front Benchers wish to address the Committee. I thank them for their comments.

*Amendment 1 agreed to.*

*Clause 1, as amended, ordered to stand part of the Bill.*

**The Chair:** We now come to amendment 23 to schedule 1, with which we will consider the question that schedule 1 be the First schedule to the Bill.

**Jack Dromey:** Are we not moving to clause 2?

**The Chair:** No.

**Guy Opperman:** No, it is your amendment 23, to schedule 1, in relation to the independence of the single financial guidance body.

## Schedule 1

### THE SINGLE FINANCIAL GUIDANCE BODY

**Jack Dromey:** I beg to move amendment 23, in schedule 1, page 27, line 9, at end insert—

“(3) The Secretary of State shall have regard to the desirability of ensuring that the single financial guidance body is as independent from Government as reasonably possible in determining its activities.”  
*This amendment will ensure that the single financial guidance body has the autonomy to fulfil its functions.*

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

That schedule 1 be the First schedule to the Bill.

**Jack Dromey:** My apologies, Mr Stringer, for getting things in the wrong order—having been dealing this week with the issue of Carillion, the problems at Jaguar Land Rover, and GKN, I have to say that it has been a rather hectic few days.

The purpose of the amendment is to ensure that the single financial guidance body has the autonomy to fulfil its functions. The new body will be a publicly funded, non-departmental public body, answerable to the Secretary of State. As such, it is imperative that it have the correct amount of autonomy from Government to ensure that it can fulfil all its functions effectively. The new body will be tasked with carrying out a number of very important and critical functions, including starting a new era of enhanced financial guidance and education. Those will best be fulfilled by an independent, autonomous body, free from Government interference. It should be free to make decisions that let it do the job for which Parliament has voted. It should not be subject to the whims of whichever Government are in power, and the political winds those whims can bring. It should be free, as is often said, to speak truth unto power, and all too often the uncomfortable needs to be said and done. The new body should not feel constrained in so doing.

The new body's important functions include providing guidance to those who are making important financial decisions. The take-up of the services offered by Pension Wise, for instance, is extremely low. Of the 772,000 people who transferred some or all of their pension in 2017, only 66,000 had an appointment with Pension Wise, and an FCA survey found that only one in eight 55 to 64-year-olds who planned to retire in the next two years and who have a defined-contribution pension had used the Pension Wise service in a 12-month period.

The intention of all parties in the House is to have a new and effective organisation that ensures that in future we do not have that kind of problem of take-up by the citizen. We want to ensure that it is widely known that Pension Wise exists; that Pension Wise is vigorously advertising its purpose and function; and that, because we insist on independent advice being given, it is truly independent from Government.

I will just make one final point, which arises out of constructive discussions with the Minister. I am the first to recognise that there needs to be oversight and accountability. There must be oversight by, and accountability to, Parliament. Crucially, however, it would be inappropriate for the Government to interfere in the day-to-day conduct of the new organisation. It should be free to do its job and to do its job well, and therefore I hope that the Government will give the necessary assurances about it.

11.45 am

**Yvonne Fovargue (Makerfield) (Lab):** Has my hon. Friend read Peter Wyman's recent independent report on the debt advice landscape? He advocates that there should be somebody in charge of the whole debt landscape—almost a debt Tsar. That seems to be a really good idea, to maintain the independence of the debt landscape. Does my hon. Friend agree?

**Jack Dromey:** My hon. Friend, who is part of an honourable tradition of giving high-quality advice to people in times of need, particularly through citizens advice bureaux, is absolutely right. The evidence is damning; the need is apparent. It is now a question of how best that need is met. The new body is a step in the right direction, but it should not be the last word; it is the first “next step,” but it is an important step in the right direction.

**Guy Opperman:** I am grateful to colleagues for their comments. The Bill sets out absolutely clearly that the single financial guidance body will be at arm's length from Government. That distance from Government means that the day-to-day decisions the new body makes will be independent, as they will be removed from Ministers and civil servants. Nevertheless, there is a sponsoring Minister, who remains answerable to Parliament for the activities of the new body, its effectiveness and its efficiency, including any failures, especially in the case of a body that receives public funds. It is important that there is a balance—I think all of us recognise that—between enabling the Department to fulfil its responsibilities to Parliament and to be accountable, and giving the new body the desired degree of independence.

Conferring functions on the new body involves a recognition that operational independence from Ministers in carrying out its functions is appropriate, and the new body will support delivery of the objectives of both the Treasury and the Department for Work and Pensions, to create a more effective system of publicly funded financial guidance and to give savers the confidence to save and access money in the future. The new body's activities will be funded by a levy on the financial services industry and on pension schemes.

On Second Reading the hon. Member for Makerfield addressed one of the criticisms levelled at the Money Advice Service. All of us support what MAS is trying to do, its broad objective and the efforts it is making. However, one of the strong criticisms of it in its early years, which came from both the independent Farnish review and the Treasury Committee, which obviously operates on a cross-party basis, was that MAS lacked accountability and that the activities it delivered, and the money it was spending, could not be held to account by Parliament and the respective Minister.

The Farnish review, which is one of the reasons we are creating this body in the way we are, suggested that the Money Advice Service accountability regime was weak, and recommended that it be strengthened. The Treasury Committee expressed concerns that the Money Advice Service had moved its service away from its intended focus. I am certain that the hon. Member for Makerfield will be directing it to have a “laser-like focus”—the expression she used on Second Reading—on commissioning services, towards direct delivery and building up its brand name.

Lord knows, all Governments like to be held to account by Oppositions, and quite rightly too, but let us imagine that the single financial guidance body chose to do something that any Member of the Opposition or of the Government felt was inappropriate. The inability to hold that body to account and to hold a Minister to account would not be something the House would want. In the circumstances, it is appropriate that the responsible Minister is able to make representations, but it is very much a partnership system that needs to

work well between the body and the Government, and there must be clarity about expectations and the approaches to accountability.

The correct way forward is to have a framework document setting out that particular method of working. That framework document approach, setting out the partnership so that there is due accountability to Parliament, while at the same time allowing the body to get on with the job that we all agree it should be doing, is well established and has been under successive Governments. In the circumstances, I believe that placing the requirement in legislation, as set out in amendment 23, is both unnecessary and undesirable, and I urge the hon. Gentleman to withdraw his amendment.

**Jack Dromey:** The Minister has said some helpful things, and he is absolutely right that it is about getting the right balance between accountability and operational independence. The proposal for a framework document is welcome. I simply ask that there is consultation on the nature of that framework document, including with stakeholders, at the appropriate stage.

On the establishment of the new body, the governance of it and precisely how that will be structured, we have heard what has been said thus far, but it will be important that we have high-quality and independent individuals engaged in the governance, including on a day-to-day basis.

On the basis of what I and the Minister have said, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

## Schedule 2

### TRANSFER SCHEMES UNDER SECTION 1

*Amendment made:* 18, in schedule 2, page 32, line 3, at end insert “and the devolved authorities.”—(*Guy Opperman.*)

*See explanatory statement for amendment 1.*

*Schedule 2, as amended, agreed to.*

## Clause 2

### OBJECTIVES

**Mhairi Black:** I beg to move amendment 37, in clause 2, page 2, line 19, leave out from “accordingly” to end of line 20 and insert—

“(da) to ensure the needs of people in vulnerable circumstances, including but not exclusively—

- (i) those who suffer long-term sickness or disability,
- (ii) carers,
- (iii) those on low incomes, and
- (iv) recipients of benefits,

are met and that resources are allocated in such a way as to allow specially trained advisers

and guidance to be made available to them.”

*This amendment would require that specially trained advisers and guidance are made available to people in vulnerable circumstances and would provide an indicative list of what vulnerable circumstances might include.*

The amendment came about because we were chuffed, when reading the Bill, to see that there was a mention of vulnerable people, especially given the nature of pensions and how much is at stake with them, but to be honest we felt that the wording was a little weak. I would like the wording tightened up to ensure that it is clear and means what I think it does. That is why we have suggested

what we consider “vulnerable people” to mean, and it will be good to see whether the Government are happy to accept that.

We want to make sure that the new body is as accessible as possible for all people, regardless of their circumstances. Specially trained advisers and resources should make up part of that new body, so that people can have confidence and the ability to make the right decisions. I do not think that the amendment is that contentious; it just tidies up the Government’s wording.

**Jack Dromey:** I rise to support the proposition. We will deal with the issues of vulnerability and disability later in the Bill, but although it is true that not everyone who needs urgent and independent advice is necessarily in circumstances of vulnerability, the nature of the world of work and of the economy means that a lot of people’s backs are against the wall, especially after the high-profile collapses of late. We should make explicit what is implicit: the new body should proceed in the right way. I hope the Minister will give the assurance that everyone who turns to it will receive high-quality independent advice. A specific focus on support for the vulnerable is a legitimate objective.

**Guy Opperman:** I am keen to give assurance on that specific point. If the hon. Member for Paisley and Renfrewshire South will allow me, I will walk her through how we got to the situation where the Government chose to amend the Bill to add in the vulnerable circumstances clause that is the basis for her amendment. The Government take the view that the amendment is not necessary in the circumstances, and I will explain why.

The body’s activity towards the people who are most in need and in vulnerable circumstances has been the priority of all parties since the creation of the Bill. Vulnerable circumstances were not originally spelt out, but they were certainly spelt out on Second Reading in the House of Lords. There was extensive debate in the House of Lords on a cross-party basis with representations by Baroness Finlay, Baroness Coussins, Baroness Hollins and the Labour Lord, Lord McKenzie, about the need for clarity on access to financial guidance and awareness of financial services for people who find themselves in vulnerable circumstances.

The Government decided in the other place to state explicitly in clause 2(1)(d) that the body’s objectives include the need to support people in “vulnerable circumstances” when exercising its functions. An amendment was introduced to strengthen the objectives to ensure that the body’s

“information, guidance and advice is available to those most in need...bearing in mind in particular the needs of people in vulnerable circumstances”.

The Government’s amendment has created a statutory framework that will give clear direction to the new body to support people in those circumstances. That means that the body will be required to focus its efforts and resources on that area, and will look at the best ways to provide guidance to vulnerable people in different places.

A general principle of the Bill, which I will expand on in relation to this and other points, is that there is a danger of being overly prescriptive to a body that one is setting up with the specific purpose that it has the latitude to exercise the appropriate commissioning and employment of charities and organisations in particular places. Asking the body to have a generality

[Guy Opperman]

of specially trained advisers and guidance risks being too prescriptive in the Bill. We want to ensure that the body has the latitude to take advantage of its expertise to find the best interventions and the best channels to address the needs of people in vulnerable circumstances now and in the future. That is not to say that the body itself may not choose to do exactly what the hon. Member for Paisley and Renfrewshire South has fairly set out, but that is for the body to do under the circumstances that it sees fit.

The risk outlined on Second Reading—I can see that I will have to refer to the hon. Member for Makerfield on several occasions—was the danger of duplication. Whether or not one feels that the Government or individual local authorities are providing appropriate services, other services are being provided, whether that is universal support or the visiting service, that support claimants with a face-to-face service and by offering to manage their claims. There is a duplication risk, which was the specific problem of the Money Advice Service in the past.

The general point is that we believe that it is wrong to be too prescriptive and to predefine a whole series of obligations, functions and capabilities of this organisation. That does not mean that we will not have a discussion going forward, nor that the body will not address these specific points, but I do not want to predefine and subdivide every single part. It should be left to the body to make those decisions as it goes forward. That does not in any way diminish the need for these things to be addressed, but I would not want that in the Bill. It is for the body, when it is fully formed, to address those points. In the circumstances, I invite the hon. Member for Paisley and Renfrewshire South to withdraw the amendment, having taken due note of the assurances that I have given.

12 noon

**Mhairi Black:** I appreciate what the Minister says, but it is strange to say that the amendment is too prescriptive after talking about how important it is that the Bill has cross-party support and saying that it is about trying to bring about genuine change. I do not see what is contentious about fleshing out what vulnerable people means. The only downside that I can see to having the amendment in the Bill is the possibility of helping too many people. I appreciate that the Minister says that it is up to the body to decide, but that is where we will have to disagree, because I think that the purpose of the Bill is to ensure that people do not fall through the cracks anymore, so I would not be comfortable withdrawing the amendment.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 1, Noes 9.*

**Division No. 1]**

**AYES**

Black, Mhairi

**NOES**

Burghart, Alex  
Donelan, Michelle  
Glen, John  
Latham, Mrs Pauline  
Mackinlay, Craig

Merriman, Huw  
Milling, Amanda  
Opperman, Guy  
Tracey, Craig

*Question accordingly negated.*

**Jack Dromey:** I beg to move amendment 24, in clause 2, page 2, line 32, at end insert—

“(4) In the case of members of the public who are self-employed “information, guidance and advice” also includes information and advice on business-related debt, in addition to personal debt.”

*This amendment would extend the single financial guidance body’s remit to advise the self-employed on business finances and debts.*

**The Chair:** With this it will be convenient to discuss amendment 25, in clause 2, page 2, line 32, at end insert—

“(4) In the case of members of the public who are self-employed—

- (a) “financial matters” also includes information and advice on business-related debt, in addition to personal debt”, and
- (b) “financial affairs” includes business-related financial affairs, in addition to personal financial affairs.”

*This amendment would extend the single financial guidance body’s remit to advise the self-employed on business finances and debts.*

**Jack Dromey:** Although self-employed people will be able to access the help of the new body for their personal finances, they will not be able to use it for their business finances. We have listened very carefully to the voice of the self-employed—on one hand organisations such as the Federation of Small Businesses, and on the other hand people I have spoken to in my own constituency, including taxi drivers and construction workers who are self-employed and, indeed, an individual who ran a fruit and veg shop in Erdington High Street and got into financial difficulties.

I have seen how self-employed people badly need advice and guidance, and there is all too often an overlap between their personal advice and guidance and that for the business in which they are engaged. That is why we say that evidence shows that, for the self-employed, the line between personal and business finances is usually blurred and can be very difficult to manage, particularly for those just setting out as self-employed people. The number of self-employed people is higher than ever before in our economy, so they need to be able to rely on the new body for advice and guidance when they need it.

Figures released last year suggest that the number of self-employed workers in the United Kingdom rose by 23%—from 3.8 million to 4.7 million—between 2007 and 2017. That represents a shift in the nature of the world of work and the way the British economy is working. Self-employed people now represent about 15% of the workforce, and 91% of businesses say they hire contractors. The majority of self-employed people are sole traders, and there is no legal distinction between them as individuals and as businesses. There were 3.4 million sole traders in 2017. The biggest increase in self-employed people was among women.

Although self-employment is a positive choice for most, there is a real problem with the conscription of some into reluctant self-employment. Either way, the average earnings of the self-employed are significantly lower than those of the employed. The figures vary—I would be the first to acknowledge that—but there has been growth in self-employment in higher-skilled, higher-paying areas, such as advertising, public administration and banking. Although some workers enjoy greater

flexibility and control over their working patterns, self-employment can nevertheless have a negative impact on their access to finance.

As self-employment has increased, so has demand for advice about business-related debts. Last year, 36,421 people were helped by the business debt line run by the national charity the Money Advice Trust, which does outstanding work and gave us very good advice and guidance about the Bill. Demand for the debt line has increased from 24,000 in 2016 to 36,421. The Money Advice Trust says, and I think it is right, that it expects the rise in demand to continue.

The amendments would ensure that the SFGB provided self-employed people with information, advice and guidance about their business-related, not just their personal, debt and finances, with a focus on those who are most in need, in line with the body's wider objectives. The amendments would apply to its debt advice and money guidance functions. As Lord Haskel said in the other place,

“the work of the SFGB should include the self-employed and micro-businesses, particularly at a time when the line between company employment and self-employment is becoming very blurred.”—[*Official Report, House of Lords*, 5 July 2017; Vol. 783, c. 933.]

Personal and business finances are closely intertwined for many self-employed people. Some 48% of self-employed people use a only personal current account for their business, and a further 17% use both a personal and a business account, according to the Financial Conduct Authority's “Financial Lives” survey in 2017. The Money Advice Trust report, “The cost of doing business”, which is based on extended interviews with business debt line clients, found that almost seven in 10 of those who had taken out a personal loan were using it to prop up their business. Research by the University of Bristol's personal finance research centre identified two key areas of overlap between business and personal finances: first, general living expenses, especially for those who live on their business premises; and, secondly, the use of personal credit to manage cash flow where necessary. Given the intertwining of business and personal finances for many self-employed people, if the SFGB does not offer information, advice and guidance on both, it will not be able to provide that growing section of the population with the support it needs.

I very much hope that the Minister will respond constructively to what we are saying and look at what might happen if the Government choose not to amend the Bill. I reserve my right to come back on that after hearing the Minister's response.

**Yvonne Fovargue:** I want to make a short contribution about how the finances of the self-employed are muddled with their personal finances. I had a meeting recently with Amigo Loans, a guarantor loan provider. It said that an increasing part of its business is loaning to people in a personal capacity, although they know it is for business purposes. Is that a business debt or a personal one? The fact that it does not look at the business plan might make it a personal debt, although I do think it ought to be looking at the business plan. Is it a personal debt or a business debt for the guarantor who guarantees the debt? In a lot of cases, it is fairly unclear where the line lies. To have a firm demarcation line where no business debts are dealt with is probably detrimental.

**Guy Opperman:** I am grateful to colleagues for making this point, and I recognise that it is not a simple issue. To pretend that the dividing line is absolutely precise and clear would be naive and wrong. The hon. Member for Birmingham, Erdington and I discussed this issue yesterday. I will go away and consider the matter prior to Report and Third Reading. However, today I will oppose the amendment and I shall try to explain why. I will also explain why the Money Advice Service does not seek the change and answer some of the questions asked by the hon. Member for Makerfield.

The Money Advice Service provides a range of information and guidance, via webchat, telephone and online, specifically for the self-employed. That includes information and guidance on matters such as tax, national insurance, personal and business insurance, and guidance on the steps to consider when starting a new business. It also signposts to other free, impartial and expert services for self-employed people in respect of their business, including the Department for Business, Energy and Industrial Strategy's business support helpline, the Money Advice Trust, which is funded and supported by the Government, and the comprehensive information on gov.uk.

Recognising the complex nature of a self-employed person's finances, MAS also supports the provision of debt advice to self-employed people. This is a service that provides debt advice specifically for people who are self-employed. In relation to the Pensions Advisory Service and Pension Wise, pensions guidance is offered to everyone; those services are available to all, regardless of whether someone is self-employed.

When the single financial guidance body takes over the services, I see no reason why those services would not continue. There should be ongoing provision of that degree of support. We want the new body to continue the research and work that is already done by existing organisations, identify where there are gaps in financial guidance and debt advice provision, and look for ways to fill those gaps.

Through its strategic function, the body must develop a national strategy to improve the financial capability of members of the public and their ability to manage debt. To do that, it will work with a range of industry, charity, public sector and voluntary sector organisations to develop a strategy where they work together to address this problem and others in respect of people's financial guidance and debt advice needs.

The single financial guidance body will not operate in a vacuum. As I alluded to earlier, there is online business advice, whether provided by Her Majesty's Revenue and Customs or BEIS, and I would go further than that and give an example. The Start Up Loans Company helps people to get started in business. Self-evidently, it is funded by BEIS, and it works in partnership with the British Business Bank. It is a requirement of Start Up Loans Company finance partners to ensure that, as part of their service to the self-employed, they consider how someone could service any debts they have in respect of their business. They also do further signposting.

12.15 pm

There is a risk, particularly in these circumstances and at this stage, that we may duplicate a pre-existing Government service, which the Money Advice Service and others have warned against in the past. I have asked

what the Money Advice Service's view is. I stress that I do not have a direct quote, but I have been told that its broad interpretation of the amendment is that it is unnecessary at this stage, as MAS already signposts and funds initiatives, and its commissioning strategy already identifies the self-employed as a priority. It does not favour the amendment, especially if it would mean straying into supporting businesses rather than lone traders.

Let me finish with two points. A self-employed person is personally liable for their business debts. However, where a self-employed person trades as a limited company, we get into the question of how microbusinesses are run. That goes back to the point I made to the hon. Member for Makerfield: it would be a danger if the single financial guidance body were seen as a panacea for all problems, and in these particular circumstances I am certain that it is not appropriate for it to become the adviser to microbusinesses. It simply does not have the capability, that is not its core specialism, and there are other organisations to which it can refer and signpost people.

I take entirely the legitimate point about the grey area that Citizens Advice and others see on a regular basis—we all see it, too, when a gentleman comes into a surgery with a sheaf of papers, plonks them on our desk and says, "Please solve that"—but I do not believe it is appropriate for the Government to shape the body in that way at this moment. I will discuss the issue further with the Money Advice Service, but for present purposes, I oppose the amendment.

**Craig Mackinlay** (South Thanet) (Con): On the question of what is a personal debt and what is a self-employment or business-type debt, if a self-employed person who is a sole trader—that is, unincorporated—takes on a loan for a van or something else, that by its very nature becomes a personal debt. That is the nature of being a sole trader. Complications may arise where that person, who to all other intents is self-employed, trades as a micro limited company. If, because of difficulties accessing credit through the limited company, that person decided to take a personal loan and then provide it as a director's loan account to his or her own limited company, what status would that loan have? I imagine in law—

**The Chair:** Order. I remind the hon. Gentleman that interventions should be brief and to the point. I am happy to call him if he wants to make a speech, but he must keep his interventions a good deal shorter than that.

**Craig Mackinlay:** Thank you for that advice, Mr Stringer. This is of course a complicated area, which requires a little extra explanation. In that instance, the bank or credit provider would recognise that as a personal loan. I wonder whether that would be covered by the advice that may be available.

**Guy Opperman:** I recognise my hon. Friend's expertise in such matters, and I thank him for his intervention. Support for self-employed people is covered by the Bill, because the self-employed are members of the public, in the way he outlined. Any personal business debt of a self-employed person is covered in respect of them being an individual member of the public.

I take my hon. Friend's point about loans. I am delighted to say that I am not able to answer it right now, but I will definitely get back to him. In seriousness, we need to consider that point and work out whether there is any way of changing it and taking on board the views of the organisations that have practised in this area for some considerable time. I will certainly write to him with a specific answer and circulate that answer to all Committee members.

**Jack Dromey:** The hon. Member for South Thanet is absolutely right, and his examples about the complexity we face are fascinating. The Minister's response has been helpful. The new service is welcome; there is a degree of confusion about exactly what it can do for the self-employed, but that has already been substantially clarified. We recognise the complexity the hon. Gentleman summed up so well, so if the issue of business advice—if I can use that as a shorthand term—is not addressed effectively at this stage of the Bill, it will have to be addressed at another stage. Even if we cannot make progress in Committee, the Minister's undertaking to engage in discussions will be warmly welcomed by organisations such as the Money Advice Trust and the Federation of Small Businesses.

**Guy Opperman:** May I briefly clarify a point that I should have addressed in my response? I applaud the Money Advice Trust's work, but in the briefing that it submitted to our Committee, it seeks broader business support, arguing that the single financial guidance body should address a host of other things and be available to small businesses more broadly—a mission creep that I would oppose. The MAT is a laudable charity and I respect entirely its good work, but that is a classic example of the mission creep that we want to avoid. Both the hon. Gentleman and I support the charity and its good works, but I believe that there is a limit to the assistance that the FSGB should give to that charity and its objectives.

**Jack Dromey:** It is legitimate mission creep. What is good about our exchange is that we recognise that making progress with the issues identified by the MAT and the hon. Member for South Thanet may be difficult in Committee, but we can move forward at a later stage. The Minister's point is absolutely right, but no one is suggesting that we should duplicate the functions of other bodies. If we can move forward at a later stage, jointly engaging with the organisations that represent the self-employed and those who advise them, it will be welcomed both by the organisations concerned and by the self-employed who need that advice and guidance. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**Mhairi Black:** I beg to move amendment 38, in clause 2, page 2, line 32, at end insert—

"(4) The single financial guidance body must, within three months of being established, define the following terms within the context of its objectives and functions—

- (a) "information",
- (b) "guidance" and
- (c) "advice"."

*This amendment would require the new body to define "information", "guidance" and "advice" so that consumers are better able to understand which of the three would be most helpful to them.*

**The Chair:** With this it will be convenient to consider clause stand part.

**Mhairi Black:** The amendment is pretty straightforward and sensible. It would clarify the important differences between information, guidance and advice, which we know have a major impact on people's decisions and how reliable they are if things go wrong. It is not often that parliamentarians admit ignorance, but before I became pensions spokesperson, I did not realise that there was any official difference between the three terms. I am a Member of Parliament and I have only recently found that out, so the Committee can imagine what it must be like for the general public. As long as the Government clarify the definitions of the three terms, I will be happy to withdraw the amendment.

**Yvonne Fovargue:** I support the hon. Lady's request for definition of the terms, although I recognise that it is difficult not to stray into other areas. A further concern is that the information, guidance and advice need to be free and impartial. There are too many pensions providers that spend a lot of money—I heard of one spending £15 million—on ensuring their advice is compliant with all the FCA impartiality rules. As somebody said, if pension providers are spending £15 million on making their advice impartial, they must be expecting some return on their investment. That worries me—that people are gently steered towards a particular product if they go to a particular service.

I believe that some of the comparison websites that people use are not always impartial. If they take money for the top rankings, they are not providing a properly impartial service. People do not understand the differences between those comparison website that have paid-for rankings at the top and those that are completely impartial, based on objective criteria. Guidance on the types of investment can be different when it leads to a product sale, unlike when it is just helping a consumer through their options, completely free of any sales pitch.

**Craig Tracey** (North Warwickshire) (Con): I declare an interest as chairman of the all-party parliamentary group on insurance and financial services. I welcome the Bill in general, and from my conversations with the insurance industry I know that it is very supportive of the Bill and of the establishment of the single financial guidance body as great step forward to having access to guidance at relevant points in life. Because of the welcome pension freedoms, that guidance has become more essential than ever before.

There is good practice in the industry already—for example, Aviva insurance is running its MOT at 50 scheme, on which the preliminary feedback has been very positive. The results show that getting advice made people far more engaged with their finances and more likely to plan for their retirement, and many went on to seek regulated advice. The crucial point that Aviva made was that by delivering the MOT at 50, people had time to change their plans, think realistically about the future to meet their retirement objectives.

I want the Minister to give clarification on three points. First, what will the Bill provide for consumers? From the APPG's and my perspective, it should look at providing financial resilience, promoting early intervention to prepare for life events, and raising awareness of the benefits of protection products, which are particularly

helpful for the self-employed—things such as income protection, critical illness and life insurance. In my experience as a broker, people generally only took those when it was too late and when they had had a bad experience. If we can help to advise people ahead of incidents, that would be really useful.

Secondly, could we have clarification on the timeline for implementing the SFGB and assurances that transitional agreements will provide certainty of access to guidance for consumers, and certainty for providers in relation to signposting arrangements? Thirdly, will the Minister set out how the new body will set standards to be approved by the FCA? The Bill says that that should happen, but it does not specify how it should be approached or how it intends to set out the strategy. Could the Minister provide some guidance on that? I appreciate that the answer to the third point might be quite detailed and I will be happy if we wants to write to me with the information. I look forward to his response.

**Jack Dromey:** On the pensions dashboard—

**The Chair:** We are still on clause 2. Is the hon. Gentleman clear about that?

**Guy Opperman:** To echo what the hon. Member for Birmingham, Erdington said, it has been a long week and I think we will all have situations where we start addressing particular clauses at the wrong time.

**The Chair:** I hope not.

**Guy Opperman:** I hope not, too, but I have done so well thus far and it cannot last. I will try to address in their entirety the three specific points raised by the hon. Members for Paisley and Renfrewshire South and for Makerfield and by my hon. Friend the Member for North Warwickshire.

The first point is about whether the body itself will provide free and impartial advice and services. The shake of the head betrays the hon. Member for Makerfield. I draw her attention to clause 3, which I suggest she clearly has not read as much as she should have, because the House of Lords made sure that the provision was in the Bill. I accept that I am slightly straying off the subject of clause 2, but she will see that subsections (4), (5) and (6) of clause 3 set out that the function is to provide to members of the public free—

12.30 pm

**Mhairi Black:** I understand the reference that the Minister makes to the functions described in clause 3, but the functions are meaningless so long as people do not understand what the difference is between information, guidance and advice.

**Guy Opperman:** I will come to the comprehension point in a second, if the hon. Lady will permit. I will deal with all three points.

After the legislation was suitably amended, debated, discussed and agreed with their lordships, it was specifically written into the Bill that the information, guidance and advice should be free and impartial. I take the point that the hon. Member for Makerfield raises, but I hope that she is reassured that that has been specifically written into the Bill, and is addressed there.

[Guy Opperman]

On the definition of terms, may I address the points made by the hon. Member for Paisley and Renfrewshire South that go to the fundamentals of her amendment? One of the key recommendations of the financial advice market review—sometimes known as FAMR—was to clarify the regulatory definition of financial advice. The Government consulted on revising the definition of regulated advice in the existing Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so that regulated advice was based on a personal recommendation. That definition is in line with the EU definition set out in the markets in financial instruments directive 2004, catchily known as MFID. The Government agreed that revision, which came into force in early January 2018. We therefore suggest that introducing a new definition of advice in the Bill is unnecessary and potentially duplicative. It would cut across existing regulatory architecture, not just in respect of what the Bill is trying to do and the clients it covers, but across other aspects of the Treasury and dealings with the Financial Conduct Authority and industry and consumer groups. In addition, using legislation to establish definitions for those terms would not provide the flexibility in the future to adapt the definitions appropriately, if and when that needed to take place.

I also take issue with a number of points regarding the amendment. First, the three organisations that we are merging to form the single body do not seek the definitions that the hon. Member for Paisley and Renfrewshire South is seeking to persuade us of. Those organisations are a pretty good guide to what the Government are doing, because we have consulted at length, asked them what they want us to do, and they most definitely have not said, “Go away and define those individual points.” They want the degree of latitude to continue.

Secondly, the hon. Lady asked the body to do this within three months. To answer my hon. Friend the Member for North Warwickshire on timings, we hope that the body will be created—subject to the good will of the House and Her Majesty signing on the dotted line—between the end of October and the beginning of December. Asking the body to make, within three months of its creation, having merged three organisations, a definition that would probably apply across all financial sectors is, with respect, putting quite a big burden on the body. Also, it is not the appropriate organisation to do that. That should be done by the independent Financial Conduct Authority, suitably engaged in consultation with wider parties. We have done that in relation to advice; that is why we had the FAMR review. To be fair to the FCA, it took two years of long, hard struggle to come up with the specific definition that all parties were content with. I go back to the point that while those particular points are not sought by the individuals, I believe that it is not appropriate to give the definitions.

My hon. Friend the Member for North Warwickshire asked about timings. We will be up and running, with a fair wind, in winter 2018—but beware of Ministers who say when things will happen, and of course winter in parliamentary terms can stretch a long time. The standards by which the single financial guidance body will be judged are set out in clause 10, on which I am delighted to be addressing the Committee this afternoon, so I will not go into detail about the standards now but will ensure I set out a bit of detail in answer to that question

when we debate clause 10, so bear with me. He also made a point about resilience and life events, which I will address briefly.

A simple point is made about resilience, as set out in clause 2 through the various objectives described, whether the consumer protection or the strategic function. It is also fundamentally set out in clause 3(9), which mentions “financial capability of members of the public”.

One may use “resilience” or “capability”, but the words—without getting too much into definitions—are all but interchangeable and, in the circumstances, we believe that those provisions address capability and the points made by my hon. Friend.

Regarding preparation for life events, my hon. Friend is a passionate supporter, as am I, of the concept of the mid-life MOT, which has been pioneered by certain companies, including Aviva. As a Government, in particular the Department for Work and Pensions, we are looking at the idea of people, at different critical points of their life, the middle point in particular, assessing where they are in terms of finances, pensions, guidance and everything. That seems eminently sensible to us, and we encourage all private sector organisations to do it. We are formulating plans.

**Yvonne Fovargue:** But does the Minister agree that it is not only major life events that can cause a problem? In connection with financial resilience, we all know that it might be the broken washing machine that can cause a bump for people who do not have that amount of savings. On financial capability, does the Bill look at addressing the need for people to build up a small pot of savings?

**Guy Opperman:** The answer is yes. Capability is about the ability to deal with life events, whether the traditional ones such as marriage, birth of a child, retirement or the middle of one’s life generally, or—the hon. Lady is dead right—the washing machine or the car breaking down. There is formulated, as I am sure she is aware, things such as the sidecar proposal that is attached to auto-enrolment specifically to provide a savings pot to deal with life events, so that people are not affected by the sudden events involving £100 or £200 and so on. The Department is definitely working on such things, as we will seek to work with the single financial guidance body to ensure that it formulates those strategies. As the BBC puts it, there are other providers, such as Moneybox, Plum or—the name of the third one that I am particularly impressed by—Chip, which allow people to make small savings through day-to-day earnings and usage, giving them a pocket of savings to deal with things. We very much support all such organisations, and I utterly endorse the points made.

**Mhairi Black:** The logic behind the amendment is that right now we have hit a fork in the pensions road, because we are recognising that we might not be able to sustain a lot of the things in place now into the future. People are making decisions about their pensions when, to be frank, they do not have a clue about what they are doing, and they are ending up in horrendous situations because of a lack of understanding and of clarity. To me it seems perfectly reasonable to point out that those three terms, which may be used interchangeably in general conversation, in reality can have a massive impact on an individual.

The Government are promoting an ethos of educating and informing people, to ensure they make the right decision, and I do not see how the amendment waters that down in any sense. I know the Minister is saying that the body needs freedom, and so we cannot define terms as precisely as we would like, but that sounds like the Government are saying that we just have to trust the body's good will. This is a Government Bill, so why not strengthen it where we can? In that spirit, I am happy to withdraw the amendment on the basis that my later amendments are given due consideration, and that the Minister takes on board what I said. I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Clause 2 ordered to stand part of the Bill.*

### Clause 3

#### FUNCTIONS

**Jack Dromey:** I beg to move amendment 26, in clause 3, page 3, line 5, at end insert

“including by means of provision to the public of a pensions dashboard within the meaning of subsection (11).”

*This amendment would require the single financial guidance body to provide for the public a pensions dashboard as part of its pension guidance function.*

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

Amendment 31, in clause 3, page 3, line 34, at end insert—

“(11) In this section and section 5, “pensions dashboard” means a publicly available service where members of the public can securely view details of their state and other pensions savings.”

*This amendment defines “pensions dashboard” for the purposes of Amendment 26 and 32.*

Amendment 32, in clause 5, page 4, line 12, at end insert

“including by means of provision to the public of a pensions dashboard within the meaning of section 3(11).”

*This amendment would require the single financial guidance body to provide for the public a pensions dashboard as part of its pension guidance function.*

**Jack Dromey:** The lead amendment defines a pensions dashboard. It would require the single financial guidance body to provide for the public a pensions dashboard as part of its pension guidance function.

The idea of a pensions dashboard as a one-stop shop, enabling people to look at their pension scheme assets in one place, has been considered for a long time. We should have introduced one years ago. Many people across the country have very little idea of the value of their pension schemes—they may be in multiple schemes, and as a result they may have no idea what the returns might be. Pensions are a grey area for millions of people who believe they do not need to worry about it in the here and now, and that they will be able to deal with it when the time comes, but that is simply not the best or the most productive approach.

If someone has a solid awareness of the state their pension schemes, they have a much better insight into their future earnings after they retire, and they know whether they should put more—or perhaps, on occasion, less—money into their pension pot now. Crucially, this

is about getting people to look forward and save for the future. A person moving jobs may have up to 11 small pension pots—that was the case for somebody I encountered recently—but perhaps only one provider has up-to-date details about them.

Government policy needs to be clear about whether and how the use of the dashboard can measurably reduce the small pots problem, and improve the position of savers whose funds are sitting in legacy products that offer poor value. We should introduce a pensions dashboard as a single public service dashboard overseen and hosted by the new single financial guidance body. It should be a safe viewing place, where an individual can see all the necessary information on their state and other pensions savings.

Although we did not press the amendment to a vote on Second Reading—indeed, depending on the Minister's response, we may not do so today—we raised this issue because we urge the Government to look at making it a statutory duty, including for pension providers, to engage with the publicly owned dashboard, and thus to ensure that everyone has a complete picture of their pension situation when using it. The data should only be visible one way. Pension providers should not be able to see an individual's pension dashboard. They must, however, be obliged to provide data towards it. If the direction of travel is in favour of a pensions dashboard—if that is common ground—the issue of what I describe as a duty to co-operate with the new mechanism is of the highest importance. If the dashboard is to be successful, all providers must release their data into it, although there still are some big, significant questions to be answered about governance, implementation and consumer protection—I would be the first to accept that—before the Government can move to compel all providers to provide the data that the industry is calling for.

Within the dashboard, there should be a pension finder service—an engine that sends out messages to search the records of all providers and schemes to see whether there is a match for the customer's details. The engine would then collect that data to populate the consumer's front-end viewing space.

The data of millions would be accessible through the dashboard, so I stress again: high standards, tough regulation and sound governance will be required to ensure that there is no abuse of a mechanism that is absolutely crucial to help people plan for the future. There are problems to be overcome, but a dashboard can make pensions guidance more effective. Individuals would have greater knowledge, which would improve the guidance conversation, with less time spent on working out what people have and more on giving the quality guidance that they need.

The direction of travel is common ground. We ask the Minister to brief the Committee on where the Government's plans have reached, and I will respond accordingly.

12.45 pm

**Guy Opperman:** I am delighted to have the opportunity to update the Committee on the pensions dashboard, which is a project I have very much taken to heart in the seven months I have had this job. I am massively committed to it. I endorse utterly the broad thrust of what the hon. Member for Birmingham, Erdington

[Guy Opperman]

says. It is a groundbreaking project that will provide the holy grail of access to the variety of pension pots we have, in various shapes and forms, as we get older in life—state pension, private pensions or other types of pensions—on one accessible portal.

However, the proposal to launch the dashboard was taken only in autumn last year. The Department for Work and Pensions is undertaking a feasibility study, which will be finished in March. I propose to report to the House of Commons by written or oral statement before the end of this term. The objective, which is very ambitious, is to launch the dashboard in some shape or form by May 2019.

I resist the amendment on the simple basis that, although it is very possible that the single financial guidance body will ultimately run the dashboard, that simply cannot be said at the present stage. There are a considerable number of complexities with the dashboard: the retention of a huge amount of different types of data, whether from state pension data or private pensions; who has access to that data; who controls it; and whether that is something that should be done by the Government, as ultimately the most trusted provider—regardless of whether one trusts or does not trust any particular Government—or by a relatively independent quango such as the single financial guidance body. There is an issue about what body would take it forward and hold the data, and the extent to which the data is accessible, to whom and in what way. There is a lot of devil in the detail, but the objective is utterly clear.

The amendment seeks to put in the Bill that the single financial guidance body will be in charge of the pensions dashboard and will take it forward. This slightly goes to the earlier point from the hon. Member for Paisley and Renfrewshire South about three months. I would be nervous of saying to the single financial guidance body, which has a big job ahead of it, that it is being set up to merge these organisations, provide all these services, do all of the things we want it to do, and then say, “By the way, on top of that, you have to do the single most complex piece of administration of all aspects of all pensions straightaway within six months of your creation.” In my view, that would be a significant burden on that body at a very early stage. If it was a business, we would be asking, “Why deviate from the core purpose right now?”

It is possible that once the dashboard is up and running, the logical organisation to take it forward and run it would be the single financial guidance body, but I would be reluctant to commit to that in the Bill. I certainly do not want it to take that on right at the very start. I am happy to work with the hon. Member for Birmingham, Erdington and colleagues across the House as we go forward. I do not think there is a single naysayer to the project, but one should not underestimate its size or complexity.

For present purposes, I will resist the three amendments. I am happy to sit down with the hon. Gentleman and other Committee members and explain the issue in more detail, as I did when I appeared before my hon. Friend the Member for Brentwood and Ongar and his colleagues on the Work and Pensions Committee. The Chair of that Committee was very dubious about the likelihood of a dashboard coming into existence. He said

that it would not happen during his lifetime, but I robustly assured him that it would. I hope that it will be up and running by May 2019, and that the body will advise it. I therefore respectfully resist the amendments.

**Jack Dromey:** I agree that this is a groundbreaking proposal. We have believed for some years that a pensions dashboard is essential, and there is common ground across the House that one should be introduced. We will not press the amendment to a vote, but we argue that such a dashboard should be part of the core purpose of the new SFGB.

What the Minister said is helpful. It is right that there is a feasibility study that includes investigation of the complexities, not least because, as I mentioned, on the one hand we want individuals to have access to high-quality advice and guidance, but on the other we have to protect data and ensure that individuals are not put at risk as a consequence of data leaks of one kind or another. I would be the first to recognise the complexity of that, and I welcome the fact that there will be a report in March.

Let me make two concluding points. We strongly believe that the SFGB is the best mechanism, but let us have that discussion at the next stage. I welcome what the Minister said about being prepared to sit down and talk that through at the next stage, including with the industry and stakeholders. All that is already happening, but it needs to be done in respect of the construction and final shape of the dashboard and precisely where it is located. I look forward to those discussions at the next stage and, on that basis, I beg to ask leave to withdraw the amendment.

**The Chair:** Does the Committee agree that the amendment be withdrawn?

**Guy Opperman:** With respect, Mr Stringer, I think you mean “amendments”. We are dealing with amendments 26, 31 and 32.

**The Chair:** I apologise for not using the plural. The Minister is absolutely right.

*Amendment, by leave, withdrawn.*

**Jack Dromey:** I beg to move amendment 27, in clause 3, page 3, line 27, after “develop” insert “deliver”.

*This amendment would strengthen the SFGBs strategic function to support and co-ordinate a national strategy to a “develop and deliver” function.*

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

Amendment 29, in clause 3, page 3, line 31, at end insert—

“(d) financial guidance relevant to the modern labour market.”

*This amendment creates a duty for the single financial guidance body to develop and co-ordinate a national strategy to improve financial guidance relevant to the modern labour market.*

Amendment 39, in clause 3, page 3, line 31, at end insert—

“(d) the uptake of financial advice from the single financial guidance body by members of the public, and

- (e) the understanding of pensions amongst those between the ages of 18 and 55.”

*This amendment would add improving uptake of financial advice from the single financial guidance body, and improve understanding of pensions amongst people aged 18 to 55 to the requirements under the body's strategic function.*

**Jack Dromey:** These amendments deal with developing and delivering the function of the SFGB and with the notion of a national strategy to improve financial guidance relevant to the modern labour market.

Amendment 27 would strengthen the SFGB's strategic function to support and co-ordinate a national strategy to what we call a “develop and deliver” function. We propose that the new body should not only play a part in developing and devising the national strategy for increased financial education and inclusion, but be tasked with delivering that function. As the primary body for advice and guidance on financial services, it will be best placed to deliver a scheme that seems to target a specific area of need—financial illiteracy—for many people in the United Kingdom.

As we have stated from the start, this is a two-topic Bill. The first concerns the establishment of a new arm's length entity to replace the three existing publicly funded consumer bodies. The SFGB will have a strategic function to support and co-ordinate the development of a national strategy. The Bill's stated aim, which we support, is to increase financial capability, reduce problem debt and improve public understanding of occupational and personal pensions. Especially given the appointment of a Minister for Financial Inclusion, the SFGB's strategic function could be strengthened to a “develop and deliver” function, despite the fact that the body may have limited leverage in certain areas.

As stated in the Lords Committee on Financial Exclusion, a real strength of the Money Advice Service is its focus on what works and on gathering together an evidence hub. We do not want to see momentum lost—*[Interruption.]* I am confident, given Government Members' reaction, that no one wants to see that work slip through our fingers; that would be a missed opportunity. The Committee concluded that

“it is important for the Government and service providers to continue to develop a greater knowledge of ‘what works’ when seeking to deliver increased financial capability.”

Sadly, there are many recent examples of vulnerable individuals who have been preyed upon by so-called introducers at a time when the state of their pension scheme has been in question—in particular, British Steel workers in Port Talbot and, more recently, Carillion workers. Earlier, I told hon. Members about a shift supervisor breaking down in tears because he made a wrong decision after receiving bad advice, and because 20 others on his shift had followed his bad advice. He said that he would never forgive himself. Introducers—vultures—pounce upon workers at a time when they are unsure about their future financial situation, and persuade them to transfer their pension savings to a different scheme that will lose them money and often attracts high fees. Such examples illustrate the need for a national strategy to improve the financial education available to the British public.

The admirable Michelle Cracknell, chief executive of the Pensions Advisory Service, makes the point that we have the green cross code—I am sure all hon. Members

have seen it—to encourage the safe crossing of streets. It is inculcated in people's minds and has been very effectively promoted. I went through it with my own kids. She says that, likewise—although not perhaps in the same way—we should encourage people to pause, think and get it right, particularly in circumstances of adversity. We should also help people plan for the future. Either way, that “Where do I turn?” is absolutely crucial. The new body will be a welcome step in the right direction, but we need to deliver a dynamic new body that works hard to create awareness.

The amendment would create a duty for the single financial guidance body to develop and co-ordinate a national strategy to improve financial guidance relevant to the modern labour market. Due to the increasingly fragmented and insecure nature of the contemporary labour market, many people are sadly perpetually in a precarious financial situation. I have seen that at first hand time and again in my constituency and in my former role at Unite the union. That group, now commonly known as the precariat, includes self-employed people, workers on zero-hours contracts, part-time workers, workers in the gig economy and those who are conscripted into bogus self-employment. I stress once again that I always draw a distinction between the admirable people—there are many—who want to work on a self-employed basis, and those who are given no alternative, including by employers such as Uber.

Due to the nature of their work and their hours, those people often find it difficult to access basic financial services. It can be hard for them to rent a home, to get a mortgage, to find home or contents insurance, and to access credit. That has contributed to record low levels of disposable income, alongside the longest wage stagnation in 150 years. Figures released last year suggest that the number of self-employed workers in the UK rose by 23% between 2007 and 2017, from 3.8 million to 4.7 million. Many of them are desperately in need of high-quality advice and guidance. What we are seeing is a shift in the nature of the world of work and the way that the British economy is working. The self-employed now represent 15% of the workforce and 91% of businesses. Although that can mean many enjoying greater flexibility and control over their working lives, it can have a negative impact on their access to finance.

A 2017 FCA report showed that consumers with no permanent address or who move regularly, which is often a characteristic of insecure employment, can regularly have problems opening bank accounts and accessing insurance and credit. That is a common situation for many people in the current labour market, particularly young people in metropolitan areas. Due to short-term tenancies and insecure working patterns, many people move on a regular basis. That can leave them open to problems accessing basic financial services and they may need guidance on the best way to go about that. The amendment proposes that the new body would need to devise its strategy and financial guidance taking into account the contemporary labour market and the challenges it delivers.

There is no question but that we have a rapidly changing labour market, with many badly in need of advice and support, as a consequence of patterns of employment. The Government have recognised the need for a focus on the issues about the modern labour market through the Matthew Taylor report. The amendment sits comfortably in the context of the overall

[Lords]

[Jack Dromey]

scrutiny by the Government and Parliament on how we respond on what is permissible in the future in terms of patterns of employment, and how to, in the here and now, give support to people in insecure employment that time and again they so badly need.

**The Chair:** Just before I call the Government Whip, let me clarify my previous remarks about amendments being withdrawn. I was a little too eager to agree with

the Minister. The question before us then was whether the amendment should be made. We were discussing two other amendments with that, but they were not for decision, so it was singular and not plural—I am just trying to be helpful, Minister.

*Ordered,* That the debate be now adjourned.—(Amanda Milling.)

1.2 pm

*Adjourned till this day at Two o'clock.*