PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

WELFARE REFORM BILL

Sixteenth Sitting

Tuesday 3 May 2011

(Afternoon)

CONTENTS

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS
LONDON – THE STATIONERY OFFICE LIMITED

£5·00

PBC (Bill 154) 2010 - 2011

Members who wish to have copies of the Official Report of Proceedings in General Committees sent to them are requested to give notice to that effect at the Vote Office.

No proofs can be supplied. Corrigenda slips may be published with Bound Volume editions. Corrigenda that Members suggest should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Saturday 7 May 2011

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY FACILITATE THE PROMPT PUBLICATION OF THE BOUND VOLUMES OF PROCEEDINGS IN GENERAL COMMITTEES

The Committee consisted of the following Members:

Chairs: Mr James Gray, †Mr Mike Weir

† Baldwin, Harriett *(West Worcestershire)* (Con)
† Bebb, Guto *(Aberconwy)* (Con)
† Buck, Ms Karen *(Westminster North)* (Lab)
† Curran, Margaret *(Glasgow East)* (Lab)
† Elliott, Julie *(Sunderland Central)* (Lab)
† Ellison, Jane *(Battersea)* (Con)
† Elphicke, Charlie *(Dover)* (Con)
† Fovargue, Yvonne *(Makerfield)* (Lab)
† Gilmore, Sheila *(Edinburgh East)* (Lab)
† Glen, John *(Salisbury)* (Con)
† Grayling, Chris *(Minister of State, Department for Work and Pensions)*
† Green, Kate *(Stretford and Urmston)* (Lab)
† Greenwood, Lilian *(Nottingham South)* (Lab)
† Hollingbery, George *(Meon Valley)* (Con)
† McVey, Esther *(Wirral West)* (Con)
† Miller, Maria *(Parliamentary Under-Secretary of State for Work and Pensions)*
† Newton, Sarah *(Truro and Falmouth)* (Con)
Paisley, Ian *(North Antrim)* (DUP)
† Patel, Priti *(Witham)* (Con)
† Pearce, Teresa *(Erith and Thamesmead)* (Lab)
Sarwar, Anas *(Glasgow Central)* (Lab)
† Smith, Miss Chloe *(Norwich North)* (Con)
† Swales, Ian *(Redcar)* (LD)
† Timms, Stephen *(East Ham)* (Lab)
† Uppal, Paul *(Wolverhampton South West)* (Con)
† Willott, Jenny *(Cardiff Central)* (LD)

James Rhys, *Committee Clerk*

† attended the Committee

Public Bill Committee

Tuesday 3 May 2011

(Afternoon)

[Mr Mike Weir *in the Chair*]

Welfare Reform Bill

Clause 60

Entitlement to work: jobseeker's allowance

4 pm

Question (this day) again proposed, That the clause stand part of the Bill.

Kate Green (Stretford and Urmston) (Lab): I welcome you to the Chair this afternoon, Mr Weir. Perhaps I should repeat what I said on clause 60 this morning. Clauses 60 to 62 deal with the same issue but in relation to different benefits, so I am sure, Mr Weir, that you would prefer me to speak once, at this point, about all the benefits encompassed in those clauses.

This morning, I was explaining my concern about the situation in which someone has made national insurance contributions in an earlier period of legitimate employment but is not entitled to work at the time the benefit claim is made. Under the clauses, they would be penalised, despite having legitimately and correctly been in work in an earlier period and made financial national insurance contributions. There is a clear injustice inherent in the clauses, because they remove the limited entitlement to benefit built up through contributions made when working and paying national insurance contributions and tax. We can confidently expect to see families suffering considerable financial hardship because of the removal of that entitlement.

Currently, persons subject to immigration control who have a no-recourse-to-public-funds requirement as a condition of leave to enter or remain in the UK are not usually able to claim means-tested benefits should they lose their job, become unable to work due to illness or injury, or need to take leave because of caring responsibilities for a new child, and their sole protection is often entitlement to non-means-tested benefits and statutory payments, such as the maternity payments covered in clause 62, based on their work history and their contributions to the national insurance fund and UK taxes. That protection itself is currently limited. In the case of contribution-based jobseeker's allowance, it is paid for a maximum of only six months, and the limits vary between 28 and 39 weeks for the statutory payments, offering cover for only basic living costs and no provision to meet housing and other needs that arise due to illness or to having a new child.

Clauses 60 and 61 would add additional conditions, for entitlement to JSA in the case of the former, and for entitlement to employment and support allowance based on the right to be employed in the UK in the case of the latter. People whose leave to remain in the UK is dependent on having employment or on working for a particular employer, and people whose leave has run out and has not been renewed during the period of the claim, would no longer be entitled to receive the benefits, despite their contribution history. Although regulations could prescribe exceptions, the explanatory notes suggest that it is not the Government's intention to use such a power, and as such the clauses appear to undermine the principle of entitlement based on contributions and to remove the incentive to regularise employment.

It would probably make more sense, Mr Weir, if I addressed as part of this debate a couple of extra points in relation to clause 62, rather than coming in again in a couple of clauses' time. Would you like me to do that?

The Chair: That would be acceptable, bearing in mind that we would not allow you to then raise them again under clause 62.

Kate Green: I can assure you, Mr Weir, that I have absolutely no wish to cover the ground again, but the points, in relation to the benefits encapsulated in the different clauses, are very similar.

Clause 62 links entitlement to maternity allowance, statutory maternity and paternity payments, statutory sick pay and statutory adoption pay to the right to be employed in the UK in the prescribed relevant week before the expected childbirth, date of adoption or start of sickness, as appropriate. The clause seems unnecessary, given that someone needs to be working legally in the UK for an employer who is liable to pay income tax for them in order for them to benefit from the payments, except for maternity allowance, which can be paid to the self-employed or to people with interrupted periods of employment. However, the insertion of subsections allowing for variation by regulation from those conditions into each relevant section of the Social Security Contributions and Benefits Act 1992, and the intention indicated in the accompanying explanatory notes, suggest undermining the statutory rights even for those who remain employees and especially for those who are self-employed or erratically employed, as might be the case with maternity allowance claimants. The clause is either unnecessary, as it does not change the position regarding legal employment, or it undermines the principle of employees' rights and entitlements based on earlier contributions through the national insurance fund for those who are vulnerable as a result of childbirth, adoption or illness.

Although one can understand, if not necessarily support, the Government's intention of preventing people from claiming on the basis of contributions during working periods that were themselves illegitimate at an earlier period, the problem with the clauses is that that is not in fact what they penalise. They penalise people who work legitimately and have made legitimate contributions at an earlier stage of employment, but are now not legally entitled to work. That does not seem fair, and it undermines the contribution principle. Because those in such a situation would not necessarily be able to access means-tested benefits, it risks leaving at least some people destitute.

Charlie Elphicke (Dover) (Con): I have been listening carefully to the hon. Lady's argument. If people are no longer entitled to work, it may be because they are no longer entitled to be here at all. Is her case that those who have made contributions and are here illegally should receive payment of some kind?

Kate Green: That is not the point at all. It is about people who might be making a further claim for leave to remain, who might be entitled to be here but not to work here any longer, or who might have arrived here in a relationship before the spouse or partner left or deserted them but are still legally here in their own right. I would be grateful for clarification from the Minister on that point in particular. It is not right to assume that they have no right to be here at all. The issue is simply that they are not entitled to means-tested benefits at the time of making a claim for benefits, but they would have been entitled to contribution-based benefits because they made contributions legitimately at an earlier stage of employment. It is an unjust undermining of the contribution principle that someone pays in legitimately but then cannot withdraw what they have contributed to, and that is the point I would like the Minister to address.

The Minister of State, Department for Work and Pensions (Chris Grayling): Let me start by providing a little reassurance to the hon. Lady before providing her with much less. She suggested that the clauses could have an adverse impact on those who were applying for a renewal visa, but I can assure her that that is not the case. If somebody applies for a renewal visa, the previous visa criteria continue to apply until a renewal decision is taken by the UK Border Agency. If they had a previous entitlement to work, had built up the contribution entitlement and sought permission to renew their visa to stay in the UK, if it was a bona fide original visa, their status would be treated as ongoing pending the visa renewal decision. Therefore, it will not be a problem for them.

Let us be clear on what clause 60 is really all about. Current legislation already ensures that someone subject to immigration control cannot qualify for means-tested, non-contributory benefits. The existing conditions of entitlement for contribution JSA do not explicitly specify that a claimant must be entitled to work in the UK and the existing conditions for contributory ESA, maternity allowance and other statutory payments do not prevent people who are working or who have worked illegally from qualifying for the benefits or measures of earnings replacement. It is entirely feasible under the current rules that a claimant who has worked illegally and paid national insurance contributions—we know that national insurance numbers were issued to illegal immigrants under the previous Government—could be entitled to contributory benefits, maternity allowance and other statutory payments. Similarly, individuals could have worked legally, but made a claim for one of those benefits or statutory payments when they were no longer entitled to work in the UK. We think that it is not right that a person who has no current entitlement to work in this country might be able to receive work-related benefits. This clause and those which follow close the loophole in the social security system once and for all to achieve these required policy intentions.

The hon. Lady said that these clauses will impact upon those who have paid into the system while working legally, but whose immigration status has since changed, leaving them with no call upon the contributions they have made. That is true. I know that there are many new Members on this Committee. On many occasions over the years, people have come to see me with a clear ruling from the UK Border Agency that they do not have a right to stay in the UK. You would be surprised, Mr Weir—or you probably would not be surprised from your own experience—how frequently those people pop up again two or three years later with a further issue. Despite the fact that they have been told that they have no further right to stay in the UK and that they need to make arrangements to leave the country, they are still here.

We do not believe that somebody in that position should be entitled to receive contribution-based benefits, whether or not they were legally employed when they first made those contributions. If they are not legally in the country, they should not be able to receive those benefits.

There is nothing unusual about that. It is common with the treatment of other existing entitlement provisions. Anybody who does not meet any of the other required entitlement conditions to a contributory benefit would be refused, irrespective of previous payments of national insurance contributions. In particular, we are talking about people who are overstayers. We do not want to send a message that people can overstay a visa, get away with it and subsequently receive money from the state.

I am clear that this is a loophole that needs to be closed. I hope that the hon. Lady feels reassured that somebody whose status has changed—somebody who entered the country perfectly legally under a spouse visa, who had been working previously but whose partner had left—can re-apply and maintain their existing visa status. I think that that is right. However, somebody who has simply ignored a UK Border Agency decision, has been to appeal, has had their appeal turned down, yet has still managed to stay in the country, should not be able to pop up a few years later and say, "I want contribution-based benefits based on what I paid when I was legally here", when they are currently illegally here. That is what we are seeking to do with these changes.

Question put and agreed to.

Clause 60 accordingly ordered to stand part of the Bill.

Clauses 61 and 62 ordered to stand part of the Bill.

Clause 63

Injuries arising before 5 July 1948

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

Margaret Curran (Glasgow East) (Lab): It is a pleasure to be back under your chairmanship, Mr Weir. Just for clarification, I have some questions about the clauses that the Government have introduced under the heading of industrial injuries. I am far from an expert on industrial injuries law, but this seems to make some degree of sense. It looks as if it is pegging up the legislation, and it would appear that the clauses in relation to trainees and under-18s give new rights to those groups of workers. That is to be welcomed.

May I ask the Minister one or two questions for reassurance? First, it is indicated in the legislation that there are different regimes in different parts of the UK, particularly in relation to skills and training. Have the implications of the legislation for the devolved Administrations been fully addressed? Have discussions

[Margaret Curran]

with the devolved Administrations taken place to ensure that the rights of trainees have been properly addressed and are consonant across the different Administrations in the UK?

More significantly perhaps, perhaps what we are looking for most in this legislation is clarification that there is no loss of rights for workers suffering accident or injury during the course of their work. I can see the argument for moving on from the declaration of accident and the status that that special declaration gives. I would like reassurance that that abolition does not involve any loss of rights for workers who suffer injury in future.

4.15 pm

Chris Grayling: Let me reassure the Committee, the hon. Lady, and indeed those in receipt of compensation payments under these schemes that this is very much a tidying-up measure. It repeals the legislation that maintains the existence of two separate schemes for providing state no-fault compensation for work injuries occurring before 1948. These schemes have been in place for many years. When this provision comes into force, existing payments and claims for state no-fault compensation for work injuries will be dealt with as claims under the main industrial injuries disablement benefits scheme, regardless of when the disease or accident occurred.

To be absolutely clear, the Government are committed to providing support for those people who find themselves in this kind of very difficult situation. We believe that everyone injured through their work should be treated equally, which is one reason for abolishing the pre-1948 schemes and transferring responsibility to the main industrial injuries disablement benefits scheme. The provision simplifies and rationalises the scheme, reducing the complexity caused by multiple schemes and making it easier for everyone, claimants and staff alike. Most particularly, it is important to say that no one loses out financially. In fact, the opposite is true; there are 120 people who will be £5 a week better off as a result of these changes. New claims under the pre-1948 schemes are now extremely unlikely, and there will be a slightly higher rate for some existing claimants.

In terms of the devolved Administrations, yes, we have had those conversations. One of the benefits of these changes, if I may trespass ahead Mr Weir, is that clause 65 abolishes the separate trainee status, meaning that young people are treated as adult workers. In my view that is the right thing to do; if one suffers a long-term injury it really does not matter whether one is 19 or 25. It is sensible to have a similar status for everyone. The trainee status is there for historic reasons that we do not believe apply anymore, so that anomaly is also tidied up. We end up with a streamlined system that has been discussed across the United Kingdom with all the devolved Administrations, where no one loses—in fact, a few people gain—and that is simpler, cleaner, and easier for everyone involved. On that basis I commend the clause to the Committee.

Question put and agreed to.

Clause 63 accordingly ordered to stand part of the Bill.

Clauses 64 to 67 ordered to stand part of the Bill.

Clause 68

HOUSING BENEFIT: DETERMINATION OF APPROPRIATE MAXIMUM

Ms Karen Buck (Westminster North) (Lab): I beg to move amendment 174, in clause 68, page 52, line 19, at end add—

'(4) In section 176 of the Social Security Contributions and Benefits Act 1992 in subsection 1(a) (regulations subject to the affirmative resolution procedure), after 'section 118;' add 'section 130A'.'.

I apologise pre-emptively for the return to the vexed issue of housing. We discussed its treatment in respect of the universal credit, and now refer to some of those measures as they apply to the transitional period. The Committee will be relieved to hear that I do not intend to revisit the important points of principle that we discussed, but there are certainly some outstanding questions that the Minister should answer.

The amendment is relatively brief, and simply asks the Minister to deal with the regulations that will follow under clause 68 under the affirmative resolution procedure. I ask because we have now seen a note on the regulation powers, received a few days ago. The side and a half note, although helpful in giving us a few pieces of information that we were not absolutely sure about, begs so many important questions that it is crucial that we can have a full debate when these issues come before us again.

We know that the Government's intention is to subject some 720,000 households to a penalty for under-occupying their socially rented homes, with a reduction of 13% of total housing benefit entitlement if they are one bedroom under-occupied, or 23% if two bedrooms or more are under-occupied. The principle on which that will be based is the same as applies in the private rented sector with the local housing allowance, which the Government also intend to uprate in line with the consumer prices index.

That aside, the sheer scale of the numbers involved in the benefit cuts and the amount of money being cut off the budget—2 million or so people will be affected one way or another—require a much clearer idea of the regulations and how the Government intend to proceed in the coming months. We want to know that we will have an opportunity to discuss those regulations through the affirmative procedure.

Some of the things we do not know include why the Department for Work and Pensions is applying a definition of under-occupation that does not exist as far as the Department for Communities and Local Government is concerned. For social housing, we have a whole mechanism for determining under-occupation, but the DCLG simply does not recognise that as applying in the private rented sector. It does not have that level of definition. I am interested to know why the Government are applying different definitions.

I asked the DCLG a question about what definition it used to determine under-occupancy. The Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), said:

"For the purposes of English Housing Survey a household is considered to be under-occupying if they have two or more bedrooms more than they need".—[*Official Report*, 16 February 2011; Vol. 523, c. 836W.]

That is not the measure applied by the DWP, and it is important that we have a chance to discuss that and to know why.

We do not have any real sense of the scale of under-occupation, given that the social landlords concerned do not recognise it—they do not have their own definition and are not able to measure it. We do not yet have any idea how landlords will be able to respond, given their limited options.

In a year's time, in April 2012, when we expect the regulations, the landlords will have even less time in which to prepare for a radical—unprecedentedly radical—change to the social rented sector. We do not know how many categories of tenants will be covered. We do not know how people who are legally sub-letting, students, pensioners who are not the lead tenant or their partners will be treated. The Government have told us that pensioner tenants, or pensioner tenants' partners, will be excluded from the measures, but they have said nothing about any other pensioner members of the household. A great many people share their properties with one elderly parent or more, and provide care.

We do not know the maximum that any tenant might lose. We know the average impact on different household sizes, but in response to another question the Department was unable to tell me the maximum level of loss. We are, therefore, approaching the regulations with little information. We do not know what assessment the Department has made of the capacity in the sector to meet the legitimate need for downsizing, or whether any transitional arrangements will be made. For example, two children of different genders who are under 10 have been placed, quite legitimately, in a property by their social landlord, each with their own room. At the moment, such a household would be deemed to be under-occupying for the purposes of the benefit cut by the Department. In a year's time, one of those children will turn 10, and they will cease to be under-occupying. In the meantime, ludicrously, they will either be required to move for 10 or 12 months, or their parent—perhaps a lone parent on a minimal income—will be required to lose we do not know how much, but on average in the region of £20 a week.

We do not know what measures the Department intends to take to ensure that at least 30% of the private rented market is available, in line with the 30th percentile being adopted for that measure. We do not know what measures will be taken to ensure that that level of property is available for people in the private rented sector. I am quite shocked by the thinness of the briefing on the regulations. Three quarters of a million households will be affected in the social rented sector alone, and 1 million in the private rented sector. That we are approaching regulations of such complexity, where there is so great a level of need, without knowing that there will be the opportunity to discuss them through the affirmative procedure in both Houses of Parliament is extremely unfortunate. I hope that the Minister will reassure me that she will be sympathetic to ensuring that such an opportunity is afforded by the affirmative procedure.

Sheila Gilmore (Edinburgh East) (Lab): I understand why people might not want us to reiterate previous arguments on this issue, but it is important to put on the record again why we think that the measure is a complex and perhaps misguided attempt to make changes. It is not clear whether it is an attempt to do something about housing allocation policy and housing shortage, or an attempt to deal with benefits. If that is not clear at the outset, any regulations made are likely to have harmful consequences that were not obvious at the outset.

From my experience as chair of a housing committee in a city with a great housing shortage, I know that the capacity for people to move around is extremely limited. The outcome for many of the groups affected will be a loss of income. Even if people are willing to move, the properties are not there for them to move to because of the mismatch that exists.

Charlie Elphicke: I understand that the length of tenure in social housing is much longer than in owner-occupied housing. Surely that is a defect of the system, as it harms social mobility. People need to be able to move more easily, and too often that is difficult with social housing.

Sheila Gilmore: I am disappointed by that intervention. Security of tenure for council tenants was introduced in 1981 by the Conservative Government under Margaret Thatcher. She presumably understood that security of tenure is important to tenants. Prior to that, in theory councils had the power of life, death and eviction over their tenants, although I do not think that many operated in such a way. Tenants' groups fought hard for security of tenure. If length of tenure is longer in the council and housing association sector—although I think that is variable—that is often because of people's financial circumstances and their inability to find anything else or move on. Many people in the owner-occupied sector will be able to move on and climb the housing ladder that everybody is talking about.

In the ward that I used to represent, and in many parts of my constituency, there is a huge mismatch in house size, and most of the small homes are in either high-rise blocks or sheltered housing. It would clearly be counter-productive to say, "As pensioners will not be affected by the measure, we will put other people or families into the small, sheltered houses, because those are the only small houses we have." High-rise housing is often seen by people as a step backwards. Far from being on a housing ladder, in many respects people would be put on a housing snake if they were forced to move. That would be highly regrettable.

Charlie Elphicke: The hon. Lady paints a particular picture, but that is not what happens in real life. In my constituency, there are a lot of elderly people rattling around in big houses, while children live in overcrowded homes. The number has risen since 2000, when there were 1 million children living in overcrowded conditions—there are now about 1.8 million. Surely that is the real problem that we should be tackling.

Sheila Gilmore: We are told that the provision will specifically not apply to elderly people—unless people under pension age who are over 40, or whatever, are to be automatically classified as elderly. Many of us in this room might feel upset by that suggestion. The people whom the hon. Gentleman talks about will not be affected by the measure.

4.30 pm

A number of tenants have approached me in the recent past to say that they are still living in a much larger house than they need. Their families have grown up and they have perhaps been widowed. They would like to move, but the practical problem is that what they want and need to move to is not necessarily available. Many want to live in the community that they are used to, where their social contacts are, where they may have family links and where they go to church or local clubs. They do not want to be moved willy-nilly to wherever there happens to be an available house. Unfortunately, that is often extremely difficult to deliver quickly. I was struck by the evidence given by David Orr to the Committee; he said that by using quite a complicated chain of moves and transfers, a landlord or housing provider could achieve some of those effects, but it is difficult. The really practical problem was not that the tenants did not want to move, but that there was no suitable housing for them in the area that they wanted. That is where the mismatch occurred.

Ian Swales (Redcar) (LD): The hon. Lady clearly has a lot of experience in this area. Does she recognise that there is an issue with the way that social housing providers operate? My constituent who lives alone in a three-bedroom house and wants to move to a smaller house is told that he will go to the bottom of the waiting list and is not guaranteed a property at all in the short term. That is another block in the system.

Sheila Gilmore: I thank the hon. Gentleman for that intervention. I could wax lyrical about allocation policies for many hours, but I am sure that that would be outwith the remit of the amendment. I agree that there are things that need to be done in that respect. The great pressure in Scotland to prioritise, for good reasons, those who present as homeless has begun to squeeze out every other reason to move. There are perhaps grounds for going back to some of the previous arrangements, in which transfer tenants sometimes got priority in order to release a property and get the movement going. That is a matter of allocation policy, and things can be done about that. We should address that. I am not convinced that it will be addressed by simply reducing the amount of benefit that is paid to people who happen to need benefit because they are in a low-paid job or have lost their job—they may return to employment after a period.

Simply reducing benefit will not solve the housing issue. I rather suspect that the majority of people will simply take the hit on their income and make it up from some other place, perhaps with difficulty. Nevertheless, the reduction will be a loss of overall income, rather than a means of resolving very tricky problems—problems that have to be resolved with tact, sympathy and humanity, because these are people's homes. We are talking about people living in the communities that they are used to, and it would be regrettable not to take all that into account. That is not to say that we should not look at some of those issues; I certainly think that we should.

I have argued with my local authority and others in the housing field about who we prioritise and why. Would it not be better to have two happy tenants when we make the sort of arrangement that the hon. Gentleman suggested, rather than only one person being housed and the other remaining unhappy for a long period? These are important changes, so it is particularly important that we have ample opportunity to scrutinise the details of the proposals in due course through the affirmative procedure.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I think that this is the first time that I have risen to respond to amendments under your chairmanship, Mr Weir. It is a delight to do so, and to start the discussions on housing benefit. The hon. Members for Westminster North, and for Edinburgh East, have highlighted the importance of scrutiny of all the measures in the Bill, and I agree with them about that.

The hon. Member for Edinburgh East said that she was a little unclear about our objectives in relation to housing benefit. Without straying too far from the amendment, I thought it would be useful to underline for her and other members of the Committee exactly what we are trying to do. It is not straightforward; we are trying to do something quite complex. We are trying to make better use of our housing stock, which all constituency MPs must want. I speak as a Hampshire MP with many thousands of people on a housing list. I understand the importance of making better use of our housing stock for those with the greatest need. We are also trying to strengthen work incentives, ensure that people in social housing can transfer into work, and ensure that they are not living in housing beyond their means without the subsidy that they currently receive.

Lastly, but by no means least, we aim to contain spiralling expenditure. As I am sure the hon. Member for Westminster North will know, housing expenditure spiralled over the past 10 years under the Labour Administration, from £11 billion to £21.5 billion a year. If we are to ensure that housing benefit is there for the future to support people who need it most, it is absolutely incumbent on us to create a sustainable situation for the future. We have to remember that housing benefit shapes the rental market. I do not need to remind Opposition Members that a report conducted by the FindaProperty website pointed out that between November 2008 and February 2010 private rental sector costs reduced by 5%, while the local housing allowance sector saw claims increase by 3%. There is a problem with the market being out of kilter, and that has to be addressed.

It is important to go into some of the details. I could answer in further detail the points raised by hon. Members, if the Chair allows, although it would be slightly beyond the remit of the amendment.

The Chair: Order. We are straying from the remit of the amendment. If Members want a clause stand part debate, we should adhere as much as possible to the amendments.

Maria Miller: I will, of course, take your guidance, Mr Weir. I shall rigorously address amendment 174, which would make the regulation-making provisions on appropriate maximum housing benefit subject to the affirmative procedure. As the Minister of State said earlier, housing benefit legislation is extensive, and deals with a significant amount of detail. As Opposition Members will know, it is amended frequently through regulations to ensure that procedures and customer service are the best that they can be and respond to the changes in housing provision. Housing benefit will need

to provide support to a large number of people with very different needs. The system also needs to maintain flexibility so that changes can be made quickly without disproportionate demands on the legislature. That is why I think that the regulation-making powers should remain subject to the negative procedure.

As the Minister of State said earlier, we are not intransigent. We have said clearly that we would be willing to look at whether it would be appropriate to use the affirmative procedure in some circumstances, particularly early on, when new ideas are being discussed. However, that will be difficult in practice, particularly for housing benefit. We do not see housing benefit in the same light as some of the other examples that we have talked about. As Opposition Members will know, there are obvious ways that they can have the sort of debate that they seek, covering the issues that they highlighted: by praying against regulations that are subject to the negative resolution. We feel that it would be disproportionate at this point to make all these provisions for regulations subject to the affirmative procedure. I hope that the amendment will be withdrawn, as debate can be forced at any time through other procedures.

Ms Buck: I am disappointed with that reply. I take the Minister's point that there is already extensive regulation on housing benefit, but we are none the less dealing with changes that are unprecedented in their ferocity, particularly in the area of social housing under-occupation. Given the way in which the CPI uprating will impact on the local housing allowance, significant numbers—possibly hundreds of thousands—of people could, over a relatively short period, become unable to access any accommodation in large geographical areas. We certainly do not have the safeguards that we need.

Maria Miller: The hon. Lady asserts that there would be large geographical areas in which people would not be able to access housing. From where did she draw that evidence? The evidence put forward by the Government suggests that there is nowhere in the country where an individual would be unable to find social housing. It is important that people have the facts rather than assertions.

Ms Buck: I apologise to the Minister: I was not talking about social housing, although I think that what I said will be true of social housing. Research on the subject by the university of Cambridge was extensive, and warned of the longer-term implications of the application of CPI to the local housing allowance. I am sure that we would agree that there are areas where we would, wherever possible, want to bear down on rents in the private rented sector. Given the increasing importance of that sector to the Government's housing policy, it is absolutely incumbent on Parliament to satisfy itself that there will be, in all broad areas of the country, a sufficiency of private rented accommodation that can be obtained by people on the local housing allowance. Academic research indicates that there are real concerns about whether that will happen. It is exactly for that reason, as well as because of the social housing implications, that I was seeking the affirmative procedure.

I am sure that the Minister is right: we will have to look at what happens when the regulations come forward, and find other means of pursuing the issues. I say to her again that time is of the essence. We are dangerously ill-prepared for the scale of change that we are about to see, particularly in the social rented sector. We do not intend to press the amendment to a Division now. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ms Buck: I beg to move amendment 175, in clause 68, page 52, line 19, at end add—

'(4) In section 130A of the Social Security Contributions and Benefits Act 1992, after subsection (7) insert—

(7A) Regulations under this section shall not permit the AMHB to be less than the actual amount of the liability in a case where a person in the household is in receipt of any component of Disability Living Allowance."'.

The Chair: With this it will be convenient to discuss amendment 190, in clause 68, page 52, line 19, at end add—

'(4) Regulations under this section shall not permit the AMHB to be less than the actual amount of the liability in a case where a person has provided the relevant authority with such certificates, documents, information or evidence as are sufficient to satisfy the authority that the person is disabled and is living in a property specially adapted or particularly suited to meet the needs of that person.'.

Ms Buck: These amendments concern two aspects of the proposed penalty for social housing under-occupation as they apply to people with disabilities and to adapted accommodation. What we know from the Government's own impact assessment is that, of the 750,000 or so households that face a loss on their housing benefit for having one or more bedrooms than is deemed necessary, there is a disproportionate impact on people who are disabled. Some 66% of all the claimants for housing benefit in the social rented sector affected by these cuts are deemed by the Government's own admission to be disabled. That is quite an extraordinary thing to do—to bring forward a policy that is so disproportionate in its impact on older and disabled people. What we would expect, therefore, is for measures to be brought forward by the Government that would mitigate the impact on those disabled people.

Amendment 175 specifically looks at the extent to which those severely disabled people who are entitled to the disability living allowance might be protected from the worst implications of these cuts. Unfortunately, and this almost helps to prove the point that I made in discussing a previous amendment, the Government do not know how many people are on disability living allowance in the social rented sector. What will unravel so much of this measure is exactly how much the Government do not know.

4.45 pm

I asked a parliamentary question seeking information about how many disability living allowance claimants will be affected by the changes. I was told that that information was not available and that, if new information becomes available, it is disproportionately expensive to analyse it and present it to Parliament. We are therefore in something of a dilemma in that we cannot answer a question to which I would have thought it absolutely essential the Government know the answer.

Under the public sector equality duty in the Equality Act 2010, there is a general principle that, where a negative impact is identified, measures should be put in

place to mitigate that. However, the Department for Work and Pensions has not introduced any proposals to remedy the discrimination that the measures imply against people with a disability. As has been the case elsewhere, the only mitigation that is being brought forward by the Government is the reliance on the discretionary housing payment.

Discretionary housing payments have fast become the philosopher's stone of the Government. In fact, to be honest, they make the loaves, the fishes and the feeding of the 5,000 seem like a positively unambitious model of social policy. Out of the £190 million total fund to be made available over the coming years, only an extra £40 million—it is better than nothing—will go into the discretionary housing payments pot. That money is expected somehow to fill a gap left by the nearly £1.8 billion of housing benefit that has been withdrawn in both the private rented and social rented sector. I hope that I am not misleading the Committee, but certainly in the impact assessments I have looked at, whenever a question is asked of the Government about the disproportionate impact of the measure, what will happen to protect people who are most vulnerable and what transitional measures might be available to help people, a reference is always made to the discretionary housing payment pot. Yet that pot appears to provide only 10p in the pound for every pound that is being lost.

Harriett Baldwin (West Worcestershire) (Con): Does the hon. Lady welcome the housing benefit provisions that will provide an additional room for a carer?

Ms Buck: I absolutely welcome those measures and, of course, I am pleased to do so. That is a welcome step, but it applies to a very specific group: people who are deemed to require the services of a carer. That is excellent, but it will have no impact at all on the needs of people who are disabled and severely disabled. I am talking about people who, in some cases, have obtained their social rented accommodation precisely through the allocation procedures that rightly give a degree of priority to people with high levels of medical need. We know that, over the past decades, as social housing has become increasingly residualised, it has become increasingly difficult to get into social housing unless one falls into a needs category. Obviously, by definition, the proportion of people in social housing who have high levels of vulnerability including disability has gone up. That is exactly the case here.

We have an age profile of that particular group of people. Under-occupiers by definition are likely to be older people. The hon. Member for Dover commented on that issue and talked particularly about pensioners. Of course, by definition, people who are older are likely to be under-occupiers. They are people who, in many cases, got their accommodation when they had children. Sometimes, they are still in homes they have had for 30 or 40 years. As they get older, many of those people naturally and inevitably will have a degree of disability.

We know the level of disproportionality in terms of the impact of the policy and that the discretionary housing payment is wholly inadequate to this task. According to my calculator, the discretionary housing payment pot would not be adequate even to help a proportion—an assumed percentage—of people on disability living allowance in the social rented sector if that were all we were attempting to make it do. However, instead it has to be elastic enough to offset virtually everything that is happening in the private rented sector, as well as in the social rented sector. Anyway, the problem with the discretionary housing payment, which is being put forward by the Government as the panacea to the problem, is that it is time limited. The whole point of the discretionary housing payment is that it is meant only to be a short-term measure. That will not be good enough for people who have severe disabilities and live in homes that, in many cases, they have had for years and they are living in with the support of family and friends who live in their local communities.

George Hollingbery (Meon Valley) (Con): I am trying to read amendment 175 in conjunction with amendment 190. I understand the hon. Lady's argument—it seems to relate more to amendment 190 than to 175—about the adaptations made and the infrastructure put in place, and I understand the logic behind saying that moving along under those circumstances may not make that much sense. Will she clear up how the disabled are a special group, other than if an adaptation already sits in a house? Those who need housing benefit and support for their rent need it whether they are disabled or not. Taking account of the adaptations in a house under amendment 190, what separates disabled people under amendment 175 from anybody else who needs help with their rent?

Ms Buck: I am anxious not to stray into another amendment. According to everything that we know about people with a disability, particularly those in social rented sectors—we have a reasonable idea of their income profiles—often, they are the poorest. We know how many people the cut in housing benefit is going to affect, and we know from the Government that that includes 66% of households—about 400,000—with people with disabilities. Moreover, to stray into amendment 190, no one knows for sure whether the capacity exists—in fact, we doubt that it does—to move them to another property. We therefore know that the Government's proposal will affect some 400,000 households with people with disabilities—including a significant but unknown number of people who are sufficiently severely disabled to qualify for DLA—who will not be able to move and who will, therefore, be required to top up their rent from their disability allowances or their other very low income. That will be difficult for very-low-income people, and to apply that penalty, which will in some cases be unavoidable, to people who are disabled is, frankly, disgraceful. I do not understand how it can be justified.

I have not talked particularly about adapted properties, but I will say a few words about them in a moment. I am talking about people who may be in properties that are not adapted, but that are, none the less, perfectly suitable for their needs. They may be ground-floor properties or small houses, and the people may have had cancer or a stroke, or they may have incurred some other disability or moved in with a particular disability. The property might not be adapted but, for the purposes of the amendment, those people are severely disabled and are entitled to DLA. I am asking the Government to make sure that those people are protected from the implications of this policy. Otherwise, they are asking the most

vulnerable people, who are, in many cases, severely disabled, to pay a significant amount of money—sometimes £20 a week, possibly more—to subsidise their rent.

Charlie Elphicke: Will the hon. Lady clarify something? I believe that about 670,000 tenants would be affected by the measure. Is she is saying that 400,000 of those 670,000 are in receipt of DLA?

Ms Buck: No. As I said earlier, no one knows how many people are on DLA. The Government do not know—I asked them but they were unable to provide an answer. We do not know for sure, but what we do know is that the Government will be required or will expect to know. I would be stunned and shocked if the Government did not know by the time they introduce the regulations. We know from the Government's own impact assessment how many people will be affected overall by the measure. It rises to 720,000 according to the impact assessment. We know how many of those people are deemed to be disabled. We do not know for sure how many people will be on DLA, but I would expect the Government to identify those people who are living on it and to make sure that, at the very least, they are protected.

Amendment 190 seeks to ensure that those properties that have been adapted for specific use by disabled people are also protected from the measure. David Orr told us in his evidence that, according to the National Housing Federation, the key provider of social housing, there are

"108,000 working-age social-housing tenants in Britain claiming housing benefit who live in adapted homes with one or more spare rooms."—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 145, Q281.]

That is 100,000 adapted properties in that category.

Charlie Elphicke: Does the hon. Lady know how many of those 100,000 properties are under-unoccupied?

Ms Buck: I am sorry, but that is what I said. David Orr said in evidence to the Committee that an estimated 108,000 working-age social housing tenants who claim housing benefit live in adapted homes with one or more spare rooms. These are adapted homes, so if the tenants move adaptations will have to be made to many new properties. The average cost of a disabled facilities grant is in excess of £6,500; a ramp costs at least £500 and a level access shower costs about £3,500. The disabled facilities grant cost an average of £100 million a year in recent years, so we have an idea of how much money is being spent on bricks and mortar.

By definition, in the overwhelming majority of cases, the expenditure is not portable. The money is invested in property for specific individuals. However, as things stand, there is no indication that these properties will be exempted from the cuts. Severely disabled people, so severely disabled that the property has to be adapted, are left with a choice. The first is to move, but the provider, who may not be satisfactory for all sorts of other reasons, will have to incur the expenditure of adapting the property. The second is that severely disabled people, who are on low incomes and receiving housing benefit, will have to pay an average of £13 a week, or £21 a week in London. We do not know whether that will be the highest shortfall that people will face in the employment and support allowance or the disability living allowance in order to stay in their own property.

I do not believe that the Government intend for that to happen. When the Minister considered what was being proposed in last year's Budget, I doubt whether she expected severely disabled people with properties adapted at public expense to be subject to either such a penalty or an enforced move. It is essential that she assures us that both categories of people and property will be protected in some way from the worst impact of the cuts in housing benefit.

Sheila Gilmore: I shall take a few moments to expand slightly on the kind of people who could be affected by this provision.

It was said earlier that since there is recognition of the need for carers and that that should be covered by housing benefit, it might resolve the issue for many. However, many people require care on a fluctuating basis. They may not have a 24-hour, live-in carer, because one is not funded or because they do not need it, but sometimes, particularly when poorly, they may need a relative to stay with them. Many people have told me that that is exactly what happens: the daughter, the mother or the sister may visit, perhaps only for a night or so, to help at times of difficulty. However, if there is no bedroom for them, they have to sleep on the sofa or its equivalent, which is not particularly satisfactory.

Another problem that sometimes arises for people with disabilities is storage. Depending on the size of the house, it can be difficult to store the equipment needed. That may include such things as additional wheelchairs if different chairs are needed for different circumstances, or hoists and other facilities. Some of this equipment may not fit into certain rooms but have to be stored elsewhere, and many houses do not have extensive storage space, which makes it difficult. Indeed, I know of cases where people were allocated somewhere too big in recognition of that need, to make their lives a great deal easier. There are genuine circumstances in which it is helpful and correct that people have additional space. Indeed, going back to my earlier point, they are unlikely to move unless something is offered, but suitable property is not always available and they will suffer a reduction in income as a result.

5 pm

There is also the issue of mismatch. If somebody needs ground-floor accommodation that is easily accessible—in my city there is ground-floor accommodation with a lot of steps to the front door, which is unsuitable—having got the property that suits that need, it may be extremely difficult to find something similarly suitable. Given that many with what, in my authority, we call gold priority—or top medical priority, as it was called—often wait for years for suitable properties, even when they have the highest level of priority offered by our housing provider, the problem is not that we cannot give them any higher priority, but that the suitable property is not available. Since that is the case already, if people have been successful and moved into a property which technically has an extra room, or a member of the family has moved away, it will be virtually impossible in many cases to find a speedy solution for people.

There are several circumstances, short of adaptations, in which people need additional space. Where they have such space—which may not have been brought about because of their illness or disability—the chance of

getting them suitable property within the very limited social housing stock that many of us have in our areas would be very difficult. Regarding adaptations, it would certainly seem the opposite of making best use of property to move somebody from an already adapted property into one that requires adapting over again, and then to find somebody who needs those adaptations to move into the house that has been vacated.

There is a risk of shifting the cost from the housing benefit bill to another bill, which local authorities may have to pick up. The adaptations budget of my council for its tenanted homes, the budget it holds for adapting other sorts of property, and the budgets of housing associations in Scotland for adaptations are always over-stretched. There are always people waiting, and we must take that into account. Sometimes, when we look at savings and do not look at the bigger picture, we simply remove costs from one part of the public sector and impose them on another.

Maria Miller: I thank the hon. Members for Westminster North and for Edinburgh East for their contributions. Hopefully, my comments will offer them a little reassurance about the Government's approach. We have had many representations on the issue, as the hon. Member for Edinburgh East knows, and about how we deal with people who have particular needs, as she and the hon. Member for Westminster North outlined. I understand their arguments. When somebody has been in a property that has been adapted for their disability, does it make sense to move them to a different property and have more spent on another set of adaptations, particularly when the average cost of disabilities facilities grants are about £7,000, and there were about 44,000 of such grants made in 2009-10?

Many adaptations can be quite inexpensive: from knocking on many front doors recently—as I am sure the hon. Lady has—I have seen that many adaptations can be as simple as putting in a handrail or a ramp so that there is easier access. However, there are more extensive adaptations, particularly, for instance, to kitchens and bathrooms.

It is not the Government's intention, as the hon. Member for Edinburgh East said, to shift the cost to another part of the budget. We want to make sure that there is a sensible approach. I can see the sense in the argument that has been presented, and we will explore the matter further. Indeed, the National Housing Federation estimated during our evidence session that around 108,000 housing benefit claimants are living in adapted accommodation and could be affected by the measure. The federation has kindly agreed to give us that data so that we may consider further what it is saying. Providing an exemption for all adapted accommodation would not be the right approach, because we must ensure that we understand the degree of adaptation necessary to ensure that, if an exemption is made, it is warranted and that it would be more expensive to adapt another property rather than allowing someone to stay where they are.

The adaptation may relate to a previous tenant—we can all think of examples of that—to previous members of the household, or to people who may no longer need it. A blanket exemption for adapted accommodation across the board could give rise to unintended consequences. We would not consider that broad-brush approach, but we will consider the matter further, and I assure the hon. Member for Westminster North that we will do so to gain a better understanding of the numbers and costs involved before the provision is finalised. We will talk to experts, and I hope that that reassures Committee members that the Government are in the same place as them.

The hon. Member for Westminster North picked up on a few other issues that I want to mention, including the impact of the measures on disabled people. She asserted that there is a disproportionate impact on them, but I want to take her to task on that. I am sure that she has read our equality impact assessment, and she will have seen that two thirds of those who may be affected by the measure could be considered disabled. She will also know that throughout the social rented sector, approximately two thirds of claimants are disabled.

We want to minimise any adverse effect on people who may be in accommodation that has been adapted, and we will look at ways of doing so, but not everyone who receives disability living allowance has had adaptations to their accommodation, and certainly it is not disproportionate for the Government to put in place a measure that reflects the make-up of those who are claiming rent in the social rented sector. Two thirds of the people in the sector have disabilities, but the impact on that group is not disproportionate. That is important. The Government take seriously their duties under the equalities legislation, and will ensure that it does not disproportionately affect individuals, particularly disabled people. I hope that that clarifies that not only is it not our intention, but it is also not the reality that the measure will affect disabled people disproportionately.

The hon. Lady also picked up on housing payments and said that discretionary housing payments were seen as a panacea. I understand her point, but they have been tripled to ensure that money is available for local authorities to deal with the changes. We do not underestimate them, and other changes are being made in the sector by my colleagues in other Departments. There is a lot of change, but we are trying to ensure that money is available locally for local authorities to deal with he circumstances, and I hope that that will ensure flexibility in the system to enable local authorities to respond accordingly.

The hon. Member for Edinburgh East picked up on some other points, including the needs of people with fluctuating conditions. I assure her that the measure on an additional room for carers, which will be introduced in April, will apply to social sector tenants. That will be helpful. When someone's need for care and for equipment fluctuates—she outlined that situation graphically—local authorities may pragmatically use the discretionary housing payments to cover such costs so that they have the flexibility to respond to people's needs.

I now wish to direct my comments to amendments 175 and 190 because, based on the contributions made by the hon. Member for Westminster North, I wonder whether the Opposition totally intended the amendments to be tabled as they have been. Some of the points that I made when I reviewed the amendments have not been picked up. The clause reflects the Government's intention to use methods other than a local rent officer's determination to restrict a person's appropriate maximum housing benefit, and we intend to steer local housing allowance rates in a more appropriate direction and to take on the problems that we have with housing benefit costs in the social sector. That second intention is particularly important

if we are to get the housing benefit bill down to a level that the country can realistically afford and are to support the most vulnerable groups—the people who really need social housing—in future.

Amendment 175 is curious because it would require us to base levels of housing benefit, for people living in households where any occupant is in receipt of disability living allowance, on actual rents paid, which would, in essence, force the taxpayer into an open-ended commitment to meet those claimants' rental costs, no matter how high the rent or how exclusive the area they chose to live in. I am not sure if that was what the hon. Lady intended, but it could be the unintended consequence of the amendment. The amendment would also send a clear message to landlords that they could charge unlimited rents to certain claimants, safe in the knowledge that the taxpayer would always foot the bill. I do not think that that was the hon. Lady's intention, but perhaps she could clarify that matter.

Ms Buck: It would be helpful if the Minister could clarify for me whether it is the Government's intention to exempt DLA from the overall benefit cap that we will discuss later. I thought that the point was to try to make those two policies consistent.

Maria Miller: The hon. Lady knows that individuals in receipt of benefits will not be subject to the cap, but that is separate from the point that I am making, which is that the amendment would, to all intents and purposes, leave us open to an unlimited bill for rental costs, which I do not think is her intention. If it were, my next question would be: how does the Labour party intend to pay for that? The behavioural impact would be incalculable, but we estimate that, based on current contractual rents for non-housing benefit cases that would become eligible for support, there would be an annual cost of up to £650 million. Perhaps the hon. Lady wants to think about how her amendment needs to be amended to ensure that that was not the case.

We have had several representations on the issue that amendment 190 covers, and I hope that, having listened to what I have said, the hon. Lady and her colleagues will be content that it is not our intention to put in place something that would have a disproportionate impact on disabled people. If someone has had their property adapted because of their disability, it makes no sense to move them to a different property and spend more money on costly adaptations. Adaptations are tailored to the individual and it is important, therefore, to look at the issue locally. Many thousand such awards are made every year; many are minor and relatively small but some are not, and it is important to do further work to identify the latter and to ensure that we look at ways of handling the issue in the Bill.

A blanket exemption, as in the amendment, is not the approach that we would take, and I hope that the hon. Lady will think further about my comments and about how we can best target the help at people, while keeping in mind the practical difficulties of identifying whether, where accommodation has been adapted for someone, it is still absolutely necessary to meet their needs.

5.15 pm

With that in mind, I think that I have covered the points made on the hon. Ladies' amendments. We obviously want to ensure that we consider all matters in full. We have committed to working with stakeholders over the next two years to ensure that we prepare for the changes before they are put in place. Although the hon. Member for Westminster North says that we do not have a great deal of time, two years is a considerable period to ensure that the changes are implemented in the best way, so that things make good sense both economically and as regards the well-being of the tenants involved. We want to ensure that we consider all matters fully, so that we understand the numbers of people involved and the cost of adaptations before considering whether an exemption would be appropriate.

We will put in place a comprehensive strategy to inform the detail of our secondary legislation. It is right to set our safeguard strategy out in that format, rather than through primary powers, so that we get it right and so that it is not rushed through. Returning to my right hon. Friend the Minister of State's analogy of the bookcase, this is very much about building the structure before we add the detail. We have certainly not ruled out an approach that would put in place a safeguard for disabled people, as well as for other groups that may also require a safeguard. Detailed secondary legislation will be the place to sort that out, so, with those reassurances, I hope that the hon. Member for Westminster North feels able to withdraw her amendments.

Ms Buck: I appreciate the Minister's tone, and some of her reply. On the general thrust of the measure and its necessity, I would have a little more sympathy with her and the desire to bear down on housing benefit expenditure if it were not for the fact that the Department for Communities and Local Government, which is responsible for setting rents in the social rented sector, is currently rampaging down a route towards setting social housing rents at 80% of market value. That will add hundreds of millions of pounds to the benefit bill of the Department for Work and Pensions. I am sure that that is as difficult for the DWP as it is for us who observe it.

In the Minister's remarks about the discretionary housing payment, I do not think that there was any demurring when it came to my concern about the extent to which the DHP is being asked to bear far too great a burden. She said, rightly, that Government investment in the discretionary housing payment had tripled, but she failed to remind us that that happened because the cuts to housing benefit in the social and private rented sectors total £1.8 billion. There is really no point in talking about additional investment in the DHP unless we talk about what it is being stretched to cover.

My hon. Friend the Member for Edinburgh East put some flesh on the bones of the points that I made by giving good examples of the nature of the property, whether adapted or not, that people with disabilities can live in, and I am grateful to her for raising those issues. I recognise and appreciate the Minister's comments about the work that needs to be done to look at adapted properties. That is welcome, but it slightly worries me that it will require a massive assessment task. I wonder who the final arbiter will be when it comes to making a decision about what is, or is not, an appropriate property for a person who is disabled to live in.

Obviously, the example that my hon. Friend the Member for Edinburgh East gave of a property that was adapted for a previous tenant is simple, and cut and dried. I fear, however, that there may be a world of pain

[Ms Buck]

when it comes to social landlords. It would not actually be a social landlord who made the decisions about the adaptation. A different authority, such as a social services department or a contracted agency, would have made the decision about adapting the property in the first place. That prompts the question: who will decide whether the adaptation is of a scale that requires an exemption, or whether it can be easily moved to another property? I suspect that there will be a whole bureaucracy set up in the next year or two to try to deal with that particular problem.

I also take the Minister's point about the nature of the amendment, and I do not wish to press the amendments to a Division. I would have expected a degree of consistency in Government approaches to the benefit cap and housing benefit expenditure, especially given that so much of the benefit cap, which we will discuss later, is driven by housing benefit expenditure. I am not sure that I can see much consistency there. I am also interested in her figures; perhaps she can write to the Committee about the £650 million expenditure figure that she quoted, because I wonder how she could come up with that when the Government cannot tell us how many people receive disability living allowance in particular accommodation sectors.

Maria Miller: I want to get some clarity from the hon. Lady. Is she saying that it was her intention to ensure that people in receipt of DLA would have unlimited housing benefit available to them? I am not sure that I understand conflating the benefit cap with housing benefit; is she saying that the amount should be unlimited?

Ms Buck: No, I was not. I was merely wondering how the Government were approaching these issues to ensure some degree of consistency across the piece, given that such a proportion of the benefit expenditure cap will be housing benefit. I was looking to the Minister to come up with some consistency. I accept that the amendment, as drafted, could potentially affect other members of the household; that was not my intention, which is why I am not pressing the amendment to a Division. However, these are important points of principle that try to establish the Government's thinking and how they will overcome the problems. I welcome the implied concession, in terms of adapted property, but I remain extremely concerned. Probably everyone on this Committee will feel the bite in a year or so, when it is unlikely that people with severe disabilities on DLA will be exempted from the social housing under-occupation penalty, whether or not they are able to avoid it. That will cause people a great deal of difficulty.

Maria Miller: Will the hon. Lady explain why she feels that receipt of DLA, in a blanket form, would be the most appropriate way to identify individuals who have physical adaptations made to their house? I would assert that the vast majority of people in receipt of DLA probably would not have had such adaptations made.

Ms Buck: There are two different issues; one amendment addresses the issue of adapted properties, and the other addresses the issue of people on DLA as a proxy for severe disability. I contend that if the choice arises of either having to accept quite a large cut in one's basic benefit entitlement or moving against one's will, people who are highly vulnerable—by definition, because they are in receipt of DLA; that will include people with severe mental health problems and so on—will be particularly disadvantaged. I think that that will be extremely challenging for the Government.

George Hollingbery: I want to re-emphasise what I tried to say rather inarticulately earlier, which is that I think that the hon. Lady is using DLA as a proxy for real hardship. I am not entirely comfortable that her amendment does a good job of identifying where hardship is. It uses severe disability as a proxy, which I do not think is terribly precise.

Ms Buck: Well, we could get into an argument—I am sure that you would immediately intervene to cease it, Mr Weir—about whether people who are in receipt of DLA are severely disabled. I would argue, however, that if they are legitimately in receipt of DLA and ergo severely disabled, they are amongst the people that we would most seek to protect, either from a significant worsening of their living standards, or potentially—not in all cases, but in many—an enforced moved against their will away from their communities and networks to places where they may not have support. If we seek to protect anyone from the measures, although there is a sound economic case for looking at protection of properties that have been subject to adaptation, there is a clear moral case for those with severe disabilities being among the people whom we would most want to protect.

I accept the Minister's good will on the adaptations issue, and the imperfection of drafting in the other amendment. We will, no doubt, return to the issue. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ms Buck: I beg to move amendment 176, in clause 68, page 52, line 19, at end add—

'(4) In section 130A of the Social Security Contributions and Benefits Act 1992, after subsection (7) insert—

(7A) Regulations under this section shall not permit the AMHB to be less than the actual amount of the liability in a case where a person has no means of avoiding a housing benefit reduction for under-occupying a property let by a local housing authority or private registered provider of social housing because the person has no reasonable alternative offer."'.

The amendment goes to the heart of the matter, picking up and, in a way, continuing the debate we have just had about the DLA, although it is also wider and more all-embracing. It offers the Government a sensible way out of the dilemma facing them.

The intentions of the policy set out by the Minister today and in the impact assessment are varied: to save money, which we all like to do where possible, and to tackle under-occupation in the social rented sector. Unfortunately, as we know, although I do not intend to repeat the discussion we had earlier, those two objectives are in creative tension. It is important for us to unpack that and to find a way of achieving the Government's objectives without increasing hardship or making the allocation of housing an impossibility.

As set out in the note on the regulations, the Government intend to replicate in the social rented sector the strategies that apply for determining the entitlement to housing benefit in the private rented sector. They are doing so on the assumption that the social rented sector operates in the same way. Indeed, I suspect that the long-term, broader agenda across Government and the Departments is to remove the last vestiges of what makes social housing unique and a needs-based system. However, as things stand and will stand for some considerable time, the two sectors are fundamentally different, for reasons that everyone in Committee will understand: by and large, social housing is not a market.

As David Orr of the National Housing Federation told us in evidence to the Committee, social housing exists because of a market failure. It exists precisely because low-income, vulnerable households are unable to secure decent, affordable and secure accommodation through other sectors in the medium term. Given the inadequacy of social housing, which has always been there but has intensified since the 1980s, we have a sector that is inevitably residualised.

Charlie Elphicke: I hope the hon. Lady can help me: I do not understand why the number of housing association homes has fallen from 4.25 million to 4 million over the past 10 years. Is there a reason for that?

Ms Buck: I do not have the figures in front of me, but given no extensive right to buy in the RSL sector, I am not sure about there having been a fall in the number of properties. I would like to check those figures before responding, given our little disagreement over the child care figures and others. I hope that the hon. Gentleman takes that in the spirit in which it is intended.

Without straying into the issue of wider housing policy, I completely accept that we did not build enough social housing under the previous Labour Government, although instead we spent billions of pounds on basic maintenance of existing social housing stock because it had fallen so far behind the decent homes standard. To be clear, the residualisation of social housing, which means that we need a complicated, needs-based allocation procedure, is rooted primarily in the right to buy and the failure to replace right-to-buy stock over three and a half decades. That is why we do not have enough accommodation.

Returning to the amendment, we have insufficient social rented accommodation for the number of people who need it. Obviously, we want to make the best possible use of the stock, but we understand that there are legally testable allocation procedures in place, which differ between local authorities, between registered social landlords and in the RSL sector, and there is a plethora of different allocation criteria to be accommodated.

5.30 pm

We agree with tackling under-occupation. Interestingly, however, the Department for Communities and Local Government has a different perspective on the issue from that of the Department for Work and Pensions. A few weeks ago, the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), was asked a question about under-occupation, and he replied that a £13 million programme will help under-occupying social tenants who wish to move. Importantly, he stated:

"While no tenant will be forced to move, many tenants welcome the offer of support to find a home that better suits their needs."—[*Official Report*, 24 March 2011; Vol. 525, c. 1214W.]

Six months after the announcement in the June Budget of a £400 million cut in housing benefit for social tenants under the guise of reducing under-occupation, which it does not do, it is odd that the DCLG announcement on under-occupation does not mention that policy and suggests a completely different strategy for tackling the issue, which commits to nobody being forced to move. In reality, the cuts to housing benefit proposed by the DWP are a de facto enforced move. People on jobseeker's allowance, employment and support allowance or disability living allowance will face having to survive on an income that could be £20 or more—we do not know the exact upper limit—less than the amount the Government say is the minimum that anybody should be required to live on.

This measure is different from some of the others we have discussed—for example, this morning, we debated employment and support allowance being time limited. In that discussion, the Minister responded by saying that people would have other forms of income, but in this case they will not. The benefits people receive are their income and the minimum amount the state says they need to live on. We are asking them to cut that amount by a quarter, or sometimes even a third. If that is not forcing people to move, what is?

In many cases, people are being forced to move. The next question is about where they are going to go. We know from David Orr, the excellent source of wisdom in this sector, and from others that accommodation to allow those who want to move to escape the penalty is simply not available. As he told the Committee, modelling has shown that 179,000 social tenants in England are under-occupying two-bedroom homes, but only 68,000 properties became available for letting in 2010. That is around one in three of the properties needed to meet the requirements of those who need—and will be forced because of the scale of the benefit cut—to move.

I will not restate our discussion on clause 11, when we spoke about geographical discrepancies and the availability of and demand for property. In some areas, particularly the north-east, the supply of smaller accommodation to allow people to downsize does not exist. In particular, the supply of one-bedroom accommodation for single people or couple households that seek to move from two or three-bedroom properties is not there, and will not be for years.

What makes matters worse—this goes back to the comments made by the hon. Member for Dover—is that the largest category of people who under-occupy social housing are pensioners, who, quite rightly, are exempt from this measure. Nobody wants to penalise pensioners who have lived in their homes for years. The consequence, catastrophically for the Government, will be that none of the pensioner voluntary downsizing will be possible, because every landlord will have to give priority to people who are forced to downsize because of housing benefit cuts and, therefore, the Government will be in a dilemma. They are going to lose the large supply of voluntary under-occupation and, therefore, they will put themselves in a difficult financial situation.

Charlie Elphicke: The hon. Lady refers to figures presented to the Committee by David Orr. I have a problem with those figures. The evidence shows that 70% to 80% of the accommodation built over the past decade by those housing associations that have been building has been one or two-bedroom units. Only about 30% or 20% has been three or four-bedroom units. I believe I am right to say that in the housing association sector there has been a massive expansion in smaller places, in anticipation of the high divorce rate and family breakdown. Here is an opportunity to use those units to avoid the disgraceful situation of three children being stuffed in a room together, which is what worries me.

Ms Buck: The hon. Gentleman is right to be worried about overcrowding; it is a catastrophic problem. Why one would then seek to stop voluntary downsizing by pensioners to accommodate enforced downsizing by others is a moot point. Let us ignore David Orr's wisdom and turn instead to the Government and the supply of one-bedroom properties available for general needs lettings. I received a parliamentary answer on 26 April giving the number of one-bedroom general needs lettings by region. It notes that in the north-west just 5,000 properties were available in the whole year; in the north-east 2,700; in London 5,800; and in England 31,300.

I do not have the figure in front of me to say exactly how many of the under-occupiers need the one-bedroom properties, but David Orr's figure is that 179,000 people need to downsize to one bedroom. The Government are saying only 31,000, so the Government's figures are significantly worse than those of the National Housing Federation.

Ian Swales: I find this extremely interesting, particularly as an MP from the north-east, where there is a great shortage of one-bedroom accommodation. In fact, the social housing people are now boarding up pensioners' one-bedroom bungalows near me to build two-bedroom ones, because they say that is what people want. I guess that, because of land prices and building costs, it is quite easy to do that in the north-east. I am worried that people are going to be caught in a trap. Lots of the pensioners who lived in the one-bedroom bungalows were perfectly happy, but they have been moved out under some grand redesign. I am interested in hearing more about the amendment. However, I have studied the wording and the last line refers to the person having "no reasonable alternative offer". "Reasonable" is a very broad word. I am interested to know how the proposal would be implemented.

Ms Buck: I thank the hon. Gentleman for his comments. He rightly draws attention to something important that is confirmed by the figures in the impact assessment: huge regional and sub-regional variations. We have one-bedroom properties being constructed in the south, partly due to grant and the cost of land. There is quite a different situation in other parts of the country. We have one-bedroom properties being built in the south of England and a need to move people from under-occupying two-bedroom places in the north-west. As I said when we were talking about this issue under clause 11, that raises the question of where people will move. On the figures, the flow has to be from the north of England to London. Meanwhile, the overcrowded people have to leave Dover and London to live in the north of England. That is not going to happen, for all kinds of reasons, some personal and some due to allocation. None of the allocation procedures is catching up with the demand that the DWP is putting on. I doubt it is going to work; such grand plans rarely do.

The gritty irony of all this is that the Government and the DWP do not need the measure to work because, as the impact assessment has made clear, the more it works the less they save. Therefore, it is essential for the Government to keep people in their under-occupied properties and to pay the shortfall, otherwise it does not save them money. This is a difficult position. That was explicitly set out in the amendment.

As stated in the impact assessment, I asked a parliamentary question to find out what modelling the Government had done of the possible savings if 10%, 20% and 30% of people downsized. Of course they were not able to tell me. Although the impact assessment says that they would not be saving money as people moved, those hard statistics do not appear to be available. That leaves the Government in a very difficult position. A desirable policy of matching under-occupation to need, which we all agree about, does not appear to save the money that the Government want to save, but saving the Government the money that they want to save does not tackle under-occupation and does nothing to contribute to the issues of wider housing policy.

That was hit upon and understood by those who gave evidence to us. Crisis told us:

> "This measure is not saying, 'You have been offered alternative accommodation to downsize and you are not taking it.' It is just saying, 'You are in accommodation that is too large, and we are going to cut it.'"—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 145, Q282.]

That is right. I do not believe that the Government want this to happen. I do not believe that they want hundreds of thousands of people, who are by definition poor—they are on the minimum income and are entitled to housing benefit, and are on JSA, ESA and disability allowance—to have to face a cut in their benefit of £20 and £30 a week. There is therefore only one way out.

I do not know, Mr Weir, whether you would allow me, if I gave a solemn and binding commitment, to draw in the comments on amendment 192 about phasing, because the two amendments go together. They are another way of tackling this problem. There simply is not the capacity, as these figures show, to be able in April 2013 to give everybody the choice. Therefore, some form of phasing by category is essential to avoid hitting the buffers. I hope that the Government will think it sensible to agree to the amendment. The way around this, which involves a degree of phasing, possibly by category, is to ensure that nobody is liable to a shortfall in their housing benefit payment until they have been made a reasonable offer of alternative accommodation.

I did not seek to be more specific than that because in some cases people will be quite content and might even actively want to seek a private tenancy. Overwhelmingly, people would prefer a social tenancy, because of the security of tenure as described by my hon. Friend the Member for Edinburgh East. People regard security of tenure as extremely important. These are, by and large, people in social rented housing who have secured that

accommodation because of vulnerability. A degree of security is extremely important for their well-being. There is plenty of academic evidence to support that, but it will not be true in all cases.

If an offer could be made to everybody of appropriately sized accommodation for their household needs, which was on a comparable tenure and was reasonable and consistent with the application of the reasonableness test by local authorities in their current allocations procedures—which are subject to judicial review and challenge in some cases, so it is a fairly rigorous process—the Government could be on their way to tackling the under-occupation of the working-age population. If the Government believe that they will save money by doing so, they can trust their own judgment rather than the impact assessment. That would be fine. We want both those objectives, but we do not want one of them to be achieved at the expense of the other.

Ian Swales: To clarify what I said earlier, who would define "reasonable" under the amendment? If it was the tenant, that would be a recipe for people to say, "I don't want to move to the next street."

5.45 pm

Ms Buck: At the moment, if people are being made an offer of accommodation because they are homeless or are being decanted for regeneration purposes, there would be a definition of reasonability in that context. Given my present amendment, I hesitate to say that this is something that we can deal with in regulations. Clearly, a lot of specific detail that would have to be legally watertight will be required to define exactly what reasonability is. The patience of the hon. Member for Redcar would have been worn thin had I come here with several pages of that kind of legal judgment today. I do not believe that it is beyond the wit of us to devise a text that is comparable to that currently used by local authorities to define what a reasonable offer is, provided that that reasonable offer gives, in the first instance, the opportunity for people to seek a social tenancy if that is what they so wish.

Jenny Willott (Cardiff Central) (LD): Does the hon. Lady share my concern that, when a homeless person is offered a house, the local authority appeals process can be quite time consuming and costly? Surely under her amendment the process would become far more drawn out, which would be extremely expensive for the local authorities and more bureaucratic for people to go through.

Ms Buck: There was always a risk of that. I suspect that there may be some form of challenge to the policy as it is currently laid out. At the moment, we have a cut in people's benefit entitlement, which reduces their minimum income, and that comes in now for everybody regardless of whether or not they have had any offer of alternative accommodation in two years. We also have a set of figures that shows that people who seek to downsize and avoid this benefit cut cannot do so because there is not sufficient property available. There are risks in this, but the risks of enacting this policy now without the safeguards are catastrophic. The Government will sleepwalk into a nasty surprise when this measure percolates out into the wider consciousness.

I appreciate that many Government Members, possibly with some exceptions, do not have constituencies with large numbers of people in social tenancies. Given that 720,000 households will be affected by this measure in 23 months' time, we will have people coming up to us saying, "A quarter or a third of our total weekly disposable income is being removed and nobody is giving us any opportunity of escaping that penalty." That will be something of an unpleasant shock for Members to cope with. I suspect that some emergency measures and mitigation will have to be brought in at that later stage.

All I am saying is that, while we have the time, before we get to crisis point, let us work out a sensible and thoughtful alternative. A reasonable offer of alternative accommodation, combined with a phasing in over a slightly longer period, taking into account various categories of need—people over 50, people who have been in their accommodation for a longer period and people with school-aged children—would be a way of managing that process and, potentially, achieving some of the objectives of the Government's central policy, without all the downsides. I urge the Minister to regard the amendment sympathetically, because it is in all our interests for her to do so.

Jenny Willott: I will not keep the Committee long. When we debated clause 11 a few weeks ago, I said that there was one other issue with housing benefit about which I was concerned, which is under-occupancy. It is a difficult issue, which others have mentioned. I am sure that we all have constituents who live in hugely overcrowded homes, with lots of children in one bedroom, and we know the hardship and difficulty that it causes. At the same time, we have constituents living in properties that are too big for them. It is not an easy problem to solve and other Members have mentioned that the problem is different in different parts of the country, and in part depends on the local authority housing allocation policy, as the hon. Member for Westminster North mentioned.

I shall give two examples that were raised with me by Liberal Democrat colleagues who have particular concerns about the circumstances in their local areas. The first is from Edinburgh, and the hon. Member for Edinburgh East will probably know more about it than me, so she can intervene if I get the details wrong. The second is from Manchester. The problems are very different but they highlight issues that the Government will need to take into account when they implement the policy.

There are very few one-bedroom properties in Edinburgh, and therefore a lot of people who are entitled to one-bedroom properties have been put into two-bedroom ones because there simply are not enough one-bedroom properties available. If they are not available in the first place, when those tenants are asked to move, there is nowhere for them to go. The amendment mentions an appropriate alternative offer, but it is very difficult to know what offer would be an appropriate alternative. Many tenants do not have very much choice—there certainly is not enough choice in the social rented sector—so the only alternative is in the private rented sector, which a lot of people would not think was an appropriate alternative.

Manchester is very different in a lot of ways. There is a conscious policy of offering young and potentially growing families the choice of a larger property in less favourable areas of the city. Trying to ensure that there

[Jenny Willott]

is a broad variety of different types of people living in the different areas of the city is a conscious part of the allocations policy. It also means that a lot of families, particularly those with younger children, are in houses that are too big for them now, but will probably not be too big for them in future because they are growing families, which is why they have chosen to live in those properties. The council has made those conscious decisions as part of its allocations policy, and those individuals who will find it very difficult to work around the situation in which they find themselves could be penalised.

The amendment is attractive in some ways, although it generates problems for local authorities in particular about who decides what is reasonable and how they enforce and measure that decision in the appeals process. In my area, it can take months and months for an appeal to go through the local authority process. Creating a whole new work load for local authorities by making them process these claims as well could set the system back a very long way and make it even more difficult for them to manage the process.

I have serious concerns about the amendment. I do not have a solution, and I am not sure that many people do. This has been an intractable problem for many years.

Sheila Gilmore: I concede the point about appeals potentially adding bureaucracy. In the light of what the hon. Lady has said, one solution would be not to go ahead with the proposal as a means of resolving the problem. Would it not be better to deal with it through allocations policy, rather than this very crude attempt to penalise people through the benefit system?

Jenny Willott: The hon. Lady has got ahead of my notes. I was going to ask the Minister what discussions the Government have had with local authorities. In many cases—although not in every case—it is the local authority's allocations policy that has created what is seen to be a problem. As a result, the matter also needs to be handled at that level. Ministers need to work with local authorities and their colleagues in the Department for Communities and Local Government, which I am sure they are doing.

The issue needs to be handled extremely carefully because people's homes are a fundamental part of who they are, their communities, how they live and so on. It cannot be an easy decision for people to move when they have been living somewhere for a very long time—perhaps decades—and their children have grown up and moved away. It is a very difficult decision for people and it needs to be handled carefully if we are to ensure that we do not create a problem, with people living in temporary accommodation and potentially facing homelessness or taking a financial hit and not being able to see a way out of that for the foreseeable future. I hope that the Minister will take those concerns on board and tell us a little more about what work is going on to make sure that the issue is tackled from that angle.

Maria Miller: I thank the hon. Ladies for their contributions to the debate and welcome the support that Opposition Front Benchers are giving to our policy of tackling under-occupation. I will take that common ground as a starting point. All of us have been faced with a situation where there is overcrowding in one area and under-occupancy in another. It is important to try to sort that out because 7% of our properties are overcrowded and 11% are under-occupied. We can tackle that problem and we are absolutely committed to doing so but, as the hon. Member for Cardiff Central said, getting to the solution is not easy. I understand the sincerity of the comments made by the hon. Member for Westminster North, but she really needs to look at the reality of how the housing market is working. In her comments today, she has failed to do that. We need to make sure that we move beyond simply looking at the way the market is working now to addressing some of the failures that clearly have come to pass.

Ms Buck: For clarification, can the Minister confirm the fact that there is not a market in social housing?

Maria Miller: The hon. Lady fails to recognise that social housing drives the rental market in a way that she has not articulated in her comments today. Two thirds of social housing tenants are on housing benefits, and 30% to 40% of people in the private rental sector are. The level of housing benefit that we are talking about here and that works within the social housing market will affect how that market works. She needs to accept that.

Ms Buck: For clarification, social housing rents are set on a formula. They have nothing to do with local housing allowance or private sector rents and are substantially below them. How on earth is it possible for rents that have no relationship to a market to have any influence upon what goes on in the private rental market?

Maria Miller: The hon. Lady must accept that we absolutely have to get a grip of how the budget in this area has spiralled out of control in the past 10 years. If she does not accept that, this is yet another example of the Opposition simply failing to accept that they must put some sense into this area of expenditure.

Charlie Elphicke: The key point my hon. Friend is making is that, when we look at housing benefit costs, social housing provides a floor and the explosion of housing benefit claims and rising rents has meant that housing benefit has been driving up the rental market. Is it not key to bring down and rein in the excessive rises in housing benefit not just for the benefit of people in social housing and people who claim housing benefit in the private rented market, but for the benefit of private renters whose rent has in turn been pushed up by the crazy housing benefit increases we have seen?

Maria Miller: I thank my hon. Friend for that intervention. I remind the Committee that, even after the changes that are currently taking place, it will still be possible for an individual to claim more than £20,000 a year in housing benefit for a four-bedroom property. An income of about £80,000 a year would be required to afford such a property.

6 pm

Ms Buck: There are debates that we have had, and can have again, about the private rented sector, but the assertions that the hon. Member for Dover has made are simply not factually correct. We are talking about the social rented sector, in which housing benefit has risen for only two reasons: first, Government rent setting policy, which is a formula determined by the Department for Communities and Local Government, and, secondly, the number of people who need housing benefit as a result of their income, which is driven by the recession. It is not market driven at all, and it has no relationship to anything in the private rented market.

Maria Miller: The hon. Lady creates a false divide between the two, which does not bear much examination. Many people in the House are now aware that the relentless rise in housing benefit expenditure that occurred during the past 10 years—from about £11 billion to about £21.5 billion, which would continue to rise at an alarming pace if we did nothing about it—shows that we have to tackle the issue if we are to get some sense into this area of expenditure.

Sheila Gilmore: Does the Minister agree that the way to resolve issues in the private rented sector is not to reduce benefit payments to people in the social sector who are under-occupying—forcing them either to move, with all the consequences that we have already mentioned, or to take a hit on their income—as that will do absolutely nothing to drive down rents in the private rented sector, and indeed may make the position worse if more people end up having to enter the private rented sector?

Maria Miller: The hon. Lady must understand that we are trying to tackle a number of different problems. First, we are trying to tackle under-occupancy, because we want to try to achieve more efficient use of our housing. Secondly, we are trying to tackle a spiralling cost of housing benefit. Thirdly, we need to ensure that we do not create any disincentives to work. All those things added together drive forward the Government's policy.

Our proposals are also about being fair. I have no doubt that the hon. Lady has found it difficult to explain to some of her constituents the level of housing benefit that some individuals will be able to claim, even after the changes that we are making—some £20,000 a year may be claimed, which is well in excess of what others might be able to afford if they were in work. It is not right that families on benefits have been able to live in homes that other families cannot afford. If families on benefits were simply to pay the full rents, that would make it difficult for them to move into work, which is the ultimate goal of our housing benefit reforms.

The changes are not about forcing people out of certain areas, and I take issue with the hon. Member for Westminster North on that. Even after the reforms, people on housing benefit will still be able to live in most areas in the country. Clause 68 is more than simply an exercise in saving taxpayers' money. It reflects our intention to introduce alternative ways of ensuring that maximum housing benefit payments in the private and the social rented sectors are not simply continued or even reduced, but are better balanced in a way that will try to restore fairness in the state system of housing support across the private and the social sectors, encouraging all landlords and housing authorities to make better use of our existing housing stock, help to increase mobility for people in the social rented sector and encourage more people to seek regular employment. Those are two really important objectives.

Amendment 176 would be unlikely to have the intended effect of protecting claimants who were under-occupying accommodation in the social rented sector from any reduction in their housing benefit. The wording of the amendment leaves us guessing, as the hon. Member for Redcar said, about what a "reasonable alternative" might be. The wording is very loose and not particularly helpful in trying to identify exactly what that "reasonable alternative" might be. For example, it could include accommodation in the private rented sector. That could be the intention, but it is not clear from the amendment. What is the definition of "reasonable offer"? What is reasonable for one person may not be reasonable for another. We would end up needing significant arbitration, which could become complex.

It is certainly not the purpose to force people to move, but we would expect them to make similar choices about affordability as those not receiving housing benefit. The amendment seems to put the onus squarely on landlords and others to find alternative accommodation, with claimants having a passive role. That is not what the Government envisage. It is important that claimants take responsibility for their financial decisions, with support from others if necessary.

On that note, the changes to housing benefit will not happen in isolation. A number of measures in the Localism Bill will give local authorities greater control over waiting lists. That will start to address some of the issues touched on by the hon. Member for Cardiff Central to do with allocation policy and even the length of tenure in the social rented sector, all of which will help to increase mobility and create more opportunities for people to move.

As part of our implementation policy, we will of course explore the impact of clause 68 in different locations, so that we can fully understand what support and advice tenants and housing providers will need leading up to the changes. However, even if smaller properties are available in the social sector, we believe that many people affected by this measure will choose to remain where they are, meeting the shortfall in various ways. A blanket exemption on such a broad base is not a reasonable alternative, and it would not target those who would genuinely benefit.

It is important to examine in more detail the points made by the hon. Member for Westminster North. She spoke about a mismatch of supply in the sort of housing that people might be looking for. The average reduction for those under-occupying by only one bedroom—the vast majority of those affected by the measure—will be about £11 a week.

There are various ways in which individuals can choose to deal with that change. We would expect most people to choose to remain in the existing property, even if the option of a smaller one were available. That may be a legitimate choice for a family or individual to make, with them finding other ways to meet the shortfall. They will have time to consider ways in which to do that and appropriate advice will be available as part of our

[Maria Miller]

implementation strategy. In the long term, we need to ensure that we are using our housing stock better; it will be in the interest of landlords, social landlords and tenants to ensure a better match between our housing needs and the accommodation provided.

Individuals could choose other ways to meet the difference in cost, such as taking up additional work. We are investing in the largest ever back-to-work project, under the Work programme, to ensure that people have the right support to help them into work while we move out of recession and into recovery. We are keen to ensure that disabled people, who were the subject of a great deal of discussion under the previous group of amendments, have the same employment opportunities as everyone else. Indeed, they will receive support not only through the Work programme, but through Work Choice.

The hon. Member for Westminster North picked up also on the policy's effect on pensioners downsizing their households, something that I have heard her refer to before. It is important to reiterate a comment that she has probably heard before. The measure will help to ensure that people are in suitably sized accommodation before becoming pensioners. That is obviously a long-term effect of the policy, but it is an important one. Our expectation is that the proportion of pensioners needing to downsize will be lower than it is now, allowing our housing stock to be used in a way that still meets the needs of social housing tenants.

The Localism Bill, led by the Department for Communities and Local Government, includes measures specifically aimed at helping pensioners to downsize, and will help to increase mobility for that group in the social rented sector. That will also be an important way to free up the sort of accommodation that accounts for some of the overcrowding problems.

Another comment from the hon. Lady, which she made during previous discussions, referred to people moving to the right size of accommodation and whether that would yield savings for the Government. It is true that if a significant number of tenants wanted to move and did so, that would reduce the direct savings, but indirect savings might offset that.

The Government are hoping to achieve greater mobility in the social rented sector not through this measure alone. The hon. Lady will be aware of the wider planned reforms, particularly in the Localism Bill, led by the Department for Communities and Local Government. It contains a raft of measures that will help local authorities to make better use of their housing stock and to increase mobility.

The hon. Member for Cardiff Central talked about how the allocations policy may have created some of the problems that we are trying to deal with today. The Localism Bill will make it easier for tenants in the social rented sector to move through the creation of national homes help schemes and changes to the allocations system so that those who want to move do not have to compete with potential new tenants. All those changes are important and welcome to many of our constituents who find the housing system difficult to navigate. Local authorities will be given more control over their housing waiting lists, and it has been shown in Portsmouth how that can cut waiting times, increase council revenues and reduce administration costs. Such innovations are welcome changes to a system that is groaning under the strain.

Ms Buck: The Minister, in her opening comments, welcomed the support from Opposition Members for the commitment to tackle under-occupation. I welcome measures to tackle under-occupation, but her later comments show that the cat is firmly out of the bag. The policy is not about tackling under-occupation. As she said, she expects the majority of people to remain in their homes and ways will be found to meet the shortfall. We must be clear about that. It is not about under-occupation, but in so far as it is, it will provide downward pressure on tackling under-occupation elsewhere in the sector.

The policy is purely and simply to impose a cut on the income of some of the poorest people in this country from the minimum level on which they are expected to survive. The Minister referred to work incentives. I learned from a parliamentary answer that the cuts will apply to people who are in work, as well as to those who are out of work, so we know that this is not simply an attempt to encourage people into employment, as with the benefit cap, because those in employment will also be affected.

What about those in categories whereby they are not expected to seek work? They will still be subject to housing benefit cuts if they are in the support group. If they are on disability living allowance, they will be expected to meet the shortfall from their income. That is what the Government seem to want to happen, but it is not acceptable.

I do not believe that Government Members want severely disabled people, people who have been in their homes for 30 or 40 years and people in their family homes to be suddenly confronted with shortfalls of up to £21 a week or more. No one has yet told us what the maximum deduction will be, but the average will be £11 a week. The Minister makes light of these matters, saying £11 a week will be the average, but I am confident that if local government or a Labour Government proposed a tax rise of £11 a week, Conservative Members would shriek about it being an assault on the living standards of people with the lowest incomes. It is a lot of money to those on a very low income.

My amendment, imperfect though it is, would provide an opportunity to get round the problem by allowing at least one reasonable option of alternative accommodation to be offered to everyone before the penalty applied. That is the least we could do for disabled people, lone parents and others who, as things stand, have virtually no statistical chance of avoiding that penalty.

6.15 pm

I take the point made by the hon. Member for Cardiff Central about the definition of what is a reasonable offer but, none the less, I repeat that a reasonable offer is recognised in current local government housing policy. Although it is sometimes open to challenge, I suspect that the alternative is a great deal worse. Drawing on the experience of housing providers to draft a watertight definition of reasonableness consistent with existing policy, which I have no doubt can be done, seems to be a good compromise, allowing people the opportunity—

Maria Miller: Is this an intervention?

Ms Buck: I am sorry. I thought that the Minister had finished, which is why I had begun my response.

The Chair: Order. I, too, thought that the Minister had finished. I apologise.

Maria Miller: I had let the hon. Lady intervene, but I was beginning to think that it was a pretty long intervention.

The Committee must be clear about how the policy is working and how the sector works at the moment. The sorts of choices that we are putting into the social rented sector are simply the choices that people in the private rented sector already have. The hon. Lady does not seem to want to look at the market as a whole—she wants to insist on different rules for different people—but it is time that we had the same choices in the social rented sector as in the private sector.

Sheila Gilmore: Will the Minister give way?

Maria Miller: Will the hon. Lady forgive me if I proceed with my comments for a couple more moments? We want to get through many more amendments today.

Hon. Members know from their own constituencies the sorts of real and tangible problems that they come across when ensuring that individuals have the right homes to live in. If we do not start to get a grip on how our social housing stock is used, we are not doing the right thing by our constituents, by some of the most vulnerable members of our community or by the taxpayers of this country. We must get a grip on how the social rented sector is working. We have to ensure that it is working in a way that is not driving up rents—which, again, the hon. Member for Westminster North is dismissing out of hand. All of the evidence suggests that she ought to take a much stronger look at it.

Ms Buck: Will the Minister tell us or write to the Committee with the evidence for rents in the social rented sector exerting an upward pressure on rents in the private sector?

Maria Miller: The hon. Lady might have caught the example that I gave earlier. The FindaProperty website has reported on a specific example of how rent in the private sector dropped by 5% between November '08 and February '10, while local housing allowance rates of payment and payments went up. That is clear evidence of a mismatch, which is what we are dealing with.

Another issue many colleagues are concerned about, which my hon. Friend the Member for Dover has mentioned, is availability of affordable homes and even of social housing, which deteriorated under the previous Administration. He will welcome the announcement from my right hon. Friend the Secretary of State for Communities and Local Government that our investment will be some £4.5 billion, delivering 150,000 new affordable homes over the next four years—just the sort of homes which many of our constituents will be pleased to see and which were so unforthcoming under the previous Administration.

I cannot accept the amendment, because a blanket exemption from the reduction on such a broad basis as a "reasonable alternative offer" of accommodation would not target the people most genuinely in need, or help us to use our limited resources to ensure that those who need help get it. I hope that the hon. Lady will feel it appropriate to withdraw the amendment, and that she will be able to move on in our discussion of the Bill.

Ms Buck: Since I have had the luxury of making most of my concluding remarks already, I will not bore the Committee further, but I am disappointed by the Minister's reply. There is, I think, confusion between private and social rent policy, and between private and social allocations policy and the role of choice in the social sector, which is simply not a reality. Regardless of what might be done in the future, other than within the purview of the Minister's Department, on changing allocations procedures while protecting the vulnerable, the policy being introduced has nothing to do with that and is clearly designed, by the Minister's own explicit admission, only to bring about a cut in the income of low-income people, rather than to discourage under-occupation. I think that there is a way out of that, and that we have a workable basis for a definition. The least we can do for people in that situation is to offer them the choice of an alternative home, and I intend, therefore, to press the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 9, Noes 15.

Division No. 8]

AYES

Buck, Ms Karen	Green, Kate
Curran, Margaret	Greenwood, Lilian
Elliott, Julie	Pearce, Teresa
Fovargue, Yvonne	Timms, rh Stephen
Gilmore, Sheila	

NOES

Baldwin, Harriett	Miller, Maria
Bebb, Guto	Newton, Sarah
Ellison, Jane	Patel, Priti
Elphicke, Charlie	Smith, Miss Chloe
Glen, John	Swales, Ian
Grayling, rh Chris	Uppal, Paul
Hollingbery, George	Willott, Jenny
McVey, Esther	

Question accordingly negatived.

Sheila Gilmore: I beg to move amendment 189, in clause 68, page 52, line 19, at end add—

'(4) Insert new subsection (6A)—

(6A) Regulations are to provide for the Secretary of State for Work and Pensions and the Secretary of State for Communities and Local Government to review not less than annually the relationship between housing costs in the private rented sector and the liability mentioned in section 130(1)(a) where this liability is an amount other than the actual amount of that liability. Where a review under this subsection finds that the liability mentioned in section 130(1)(a) is an amount less than the amount of the rent at the 30th percentile of the list of rents in some or all localities the Secretary of State for Work and Pensions must amend the determination of the amount of the liability under section 130(1)(a) to correct this."'.

The amendment seeks to provide an arrangement whereby there is an annual check on what is happening in relation to actual rents—the rents that people are

[Sheila Gilmore]

being asked to pay in different parts of the country—and the level of the local housing allowance, which has been created out of two changes, one of which has been introduced and the other of which is forthcoming. The change that has already been made is that the local housing allowance will no longer be decided by reference to the median but by reference instead to the 30th percentile, with upratings linked to the consumer prices index rather than, as previously, to the local rent in the broad rental market area. There is considerable concern among those working in the field that the gap between the rents that people are going to be asked to pay in the private rented sector and the local housing allowance is going to widen as a result of this process.

The Minister has referred, twice at least, to a piece of work, not by housing researchers but a property-finder website, that showed that over a period between 2008 and 2010, local housing allowance rose faster than average rents. It is well researched and understood that, if one takes a longer and more representative period of what happens to rents, in most of the past decade, if not longer, average rents have risen faster than housing benefit. If the comments on that website are to be accepted, in the period from 2008 we were in recession, and it is potentially the case that rents have fallen. However, we are not seeing that in the private rented sector in Scotland, certainly not in Edinburgh. It would also appear not to be the case in London—at least, my London landlord does not seem to have heard about it; he thinks that 10% is the market increase in rents this year and was totally unwilling to negotiate, presumably on the basis that it would be easy to find new tenants at that rent. That is at least one landlord who has not got the message. That may change, as the new rules come in, if the Government are to be believed.

I contend that history shows that rents continued to rise much faster than inflation, whether of the RPI or of the CPI variety. As the local housing allowance has been reduced by linking it to the 30th percentile, there is a risk that year-on-year the gulf will open further. That is what the amendment seeks to address.

Harriett Baldwin: Is the hon. Lady aware that one of the recommendations of the Select Committee report into the issue, which was published just before Christmas, was along those lines? Broadly speaking, the Department has agreed to that kind of ongoing analysis.

Sheila Gilmore: I am aware of the recommendation of the Select Committee and the undertaking to reviews given in the other place more recently. However, it is important to make this a specific provision, given the substantial problems that are going to arise for people if the gap opens up even further. It is not insignificant. Even with LHA at 50%—the median—in recent years many tenants in receipt of housing benefit have already been topping that up out of their other income. It is estimated by many of the housing charities working in the field that as many as 50% of tenants are already topping up payments in order to secure accommodation in the area where they live of the type that they need.

That is only going to get very much worse. If people really cannot afford that, they will come back to the public sector, no doubt presenting as homeless in due course, seeking temporary and other accommodation. It does not seem a particularly sensible way to resolve a problem. I have no doubt that it is not a sensible way to run a housing policy to use housing benefit as a way to fund housing. I would like to see strenuous efforts to transfer from subsidising people through housing benefit to subsidising rents and the bricks and mortar of housing—I argued for that before I was elected and I would argue for it with my party.

If these reductions were being recycled specifically into building homes, I would be more interested in what is being said. I would be more supportive of the measure, not necessarily of the detail but I would see some point in it.

6.30 pm

The slippery slope started when it was considered right not to subsidise homes through a subsidy against the building cost, in order to push up rents in the council sector, although not as much as in other sectors. We are seeing that again. The solution to housing and building more houses seems not to be to put more money into building homes, but to put more money into the housing benefit system. If we fund new house building by charging higher rents to tenants as is suggested—fortunately that will not happen in Scotland in the foreseeable future—that will not mean more Government investment in new build. New grants are not going into housing; rents are being used to create new housing. That will put rents up, presumably to as much as 80% of the local average, which sounds higher than we want to fund things in the private rented sector. It is slightly unclear at the moment whether that rent will be paid in full, but if it is, the housing benefit bill will rise again. The measure seems to be completely in conflict with the direction in which we need to go.

We must address the fact that we have become too dependent on the private rented sector to solve what in many places is a severe housing crisis. In my city we increasingly use the private rented sector because there is little else, but that is not particularly sensible. One constituent asked me, "Why is the council paying rent for my home in an ex-council property, which is three times what my neighbour—a council tenant—pays, so as to keep me and my family in this house? Why is the council not building new houses?"

That constituent did not particularly want to be in private rented housing and he did not live in a mansion in the leafier parts of the city. It was an ex-council home in an estate that has some good parts and some that are not so good. In Edinburgh terms, it would probably be regarded as at the lower end of the pecking order. It was not a grand house; it had three bedrooms but he had four children. It was slightly larger than the average house, but it was not in a wonderful area. He thought that the system was bonkers and I had to explain that we are dealing with two different pots of money that do not communicate properly with one another. The council's view is that, since it does not have the money to build homes, it can place someone such as my constituent in a house and have that paid for by housing benefit.

Sarah Newton (Truro and Falmouth) (Con): Please excuse my ignorance as I am not very knowledgeable about the devolved responsibilities, but I assume that

Scotland will have the same opportunities through self-financing legislation as England and Wales. Could the hon. Lady not have told her constituent that through that self-financing, which will come in next year with the passage of the Localism Bill, the building of new council houses will at long last become a reality? I totally agree that we need to build more council housing. Certainly in Cornwall the settlement will enable all remaining council housing stock to be brought up to a decent standard and the building of new council houses to start.

Sheila Gilmore: Building new council housing, or new housing association housing, is extremely important. In Scotland we have made a start on that by removing the borrowing controls on councils, and some have built housing in a way they could not do previously because there were controls on how much they could borrow. Under the prudential borrowing regime, which has been in existence since 2003, new council houses have been built. However, if we try to do that through borrowing when rents are already high, we will end up raising rents. In my own city, it has been proved difficult to do that, because we have high rents. Interestingly, a neighbouring authority where rents have been historically low—largely because it did not have to build a lot of new housing during the 1960s and '70s, which is to do with the nature of the area—has been able to increase the rents of its existing tenants in order to build new homes. Again, we find an inexorable raising of rents.

Ian Swales: Does the hon. Lady agree that this is another example of something that will lead to very different results throughout the country? In areas of high private rents, such as major cities or Cornwall, the policy may well deliver, but in other areas, such as the north-east of England, the 80% level will produce no money for new housing.

Sheila Gilmore: I am grateful for that intervention. I am not steeped in the effects of that funding mechanism on an area. If it does not deliver new housing where there are difficulties, it will certainly have failed. Even if it can deliver new housing but does so at the expense of putting up rents, it will have an effect on the housing benefit bill.

On rents in the private rented sector, I agree that we have a problem that has been created over a number of years, whereby the shortage of affordable homes means that we are seeing an increasing number of people on low incomes entering the private rented sector. In my experience, they do not do so because they think, "Oh great, I can move to an area like this and it will be wonderful. I need never work again in my life and I shall live here a life of luxury." They do so because there is little choice. That is certainly the case in Edinburgh. Many people want out of that situation, partly because of its insecurity. Landlords might roll on six-month lets, but people know that there is always a risk and insecurity in that. It is not their own home, and it is not somewhere they can necessarily expect to be in the future.

The other thing that is of concern for people and that they think about is the unaffordability in relation to working. Ironically, the people who most need the affordable rented sector—council and housing association houses—are those in work. They are not always the ones who end up being offered it, but they are certainly the ones who benefit most from it, because it helps them to be able to work. Constituents of mine when I was a councillor and since I have been in this place have told me, clearly, that they would love to get out of their homes in the private rented sector and into the public sector. It would be more affordable for them, because it would be more secure and give them a long-term future. It would not be a property that the landlord could decide at any time to withdraw from the sector and sell. Whatever the reason—he might decide that it was going to be a home for his son or daughter, or the family might want to move back in—there is no certainty in the private rented sector that someone will be there for an extended length of time.

Charlie Elphicke: I have a brief request for information on a matter on which the hon. Lady is an expert. Will she confirm whether her amendment and clause 68 as a whole apply fully to Scotland? These days, one is never quite sure what is devolved and what is not.

Sheila Gilmore: The answer is yes, because housing benefit is a reserved matter, although its impact in terms of homes being built may be different. People face different housing pressures throughout Scotland and its local authorities. There are some marked differences in terms of historical rents and the availability, size and distribution of properties, particularly in places where housing pressures are greatest.

We all agree that we must tackle the over-dependence on the private rented sector. The fact is that rents in the private rented sector created a position in which housing benefit payments had to rise, and no one seeks to deny that. The crude measures in the Bill to deal with that are not necessarily going to do anything but make it more difficult for people who find themselves in this situation. I am not convinced that the measures will necessarily reduce the rents. We have talked a lot about whether landlords will respond to this. The measures will doubtlessly have an impact in places, such as Blackpool and other coastal towns, in which landlords heavily depend on the housing benefit market. However, in the inner cities, such as Edinburgh and many other places, where there is demand for the private rented sector across different segments of the population, landlords are more likely to decide that they do not want to deal with people on housing benefit than they are to reduce their rents in order to fill their properties.

Paul Uppal (Wolverhampton South West) (Con): I am interested in the hon. Lady's long lament about the lack of investment in social housing by the previous Government in a time of comparative abundance. Just to come back to her specific point on the landlord issue, having come across landlords in my past life, I have to say that they are a fairly commercial lot. One thing that they covet more than anything else is security of income. The fact that housing benefit is a secure supply of income will invariably affect their commercial decisions. Is she not persuaded by the argument that a real check on housing benefit will provide a brake on rental levels? Her concerns about there being a disconnect between the housing benefit allowance and the rental market may actually shrink rather than expand.

Sheila Gilmore: I am not convinced that that will be the case. We will argue this point theoretically over the next few months and we will see the proof as it comes through in the rents that are being charged in various places. I will certainly be closely watching the situation in Edinburgh. The local council, too, will be watching because it has concerns that, if people cannot source homes in the private rented sector because of the changes that have been made, the burden on the council will be greater. The existence of the private rented sector and the build-up of people moving into it who would otherwise be coming to the council as homeless has been a huge safety valve in Edinburgh and I suspect elsewhere for the system as a whole.

We have something like 1,500 properties in the city under the private leasing scheme. Not everyone who is homeless is in the private rented sector. The scheme was set up by the council to alleviate the problems associated with the numbers of people in temporary housing. Rather than take housing out of its mainstream stock to provide yet more temporary housing, which becomes self-defeating, it developed a scheme, which is also used in parts of London and elsewhere, whereby leases are offered to landlords on a long-term basis. Some landlords were keen to get involved in that, but the rents are still high, which means that there are work incentive issues. If people want to work, it can be difficult. Moreover, it means that the extent of real homelessness in the city is concealed. These people are not homeless because they have a roof over their head. They have a property in parts of the city in which there are no council or housing association houses.

Another element of the scheme is that it is confounding the position on homelessness because these people do not appear in the temporary housing statistics for the city. Quite a large number of people are living in that situation, which is yet another pressure on the housing benefit bill.

I am not prepared to accept that the Labour Government did nothing on affordable housing. They certainly did not do enough in my city. We were constantly arguing with the Scottish Government about the needs of the city, which is often seen as affluent but which also has a huge affordability problem. I would certainly have wanted to see more, but I saw an increased amount going into investing in building homes by housing associations in Edinburgh over those years. I hope that that will continue but I know that that is not the case in the coming year. The housing association movement in Scotland is very concerned about the reductions that there will be in housing investment.

6.45 pm

It is not good enough to suggest that, had matters been different under the Labour Government, we would not have this problem and to say that we are where we are. It is not good enough particularly when it is suggested by those who not only enthusiastically espoused the right to buy and thought it the solution to housing problems, but who again want to create new affordable homes by putting up rents and passing the burden to the tenants, and indirectly to housing benefit, rather than providing investment in affordable housing.

The amendment would ensure that each year we investigated whether the gap had widened to ensure that people were not grossly disadvantaged in the way we suggest they will be. That would not be to anybody's advantage in this situation. If those people remain in those homes where the gap widens, they will subsidise it from other parts of their already limited income or they will simply not be able to find those homes because they will not be there. Then they will have to find housing in some other way. I suggest that that will make things more expensive for the public purse. Even a brief period in temporary accommodation is extremely expensive. Periods of several months in temporary accommodation are very expensive.

Just last week, I was talking to a man who has been in bed and breakfast for eight months—six different bed and breakfasts in the city—and we all know how expensive such provision can be. He simply wants a home. If more people are unable to source accommodation in the private rented sector because of all these changes, that pressure will become even worse. He has no children and no overt health problem—he has some health problems, but they are perhaps not as great as those of some other people—so he does not have the highest priority, which is why he has already spent eight months in bed-and-breakfast accommodation. As far as he can see, that is likely to continue, which is expensive for the state and bad for the individual. If it worsens because of these changes, we will have more people in his situation.

I do not suggest that the people who are affected by these measures will necessarily be the ones who end up in bed and breakfast, but it becomes a bit of a pecking order. People move down that order and we will have more at that bottom end who cannot find anything other than wholly unsatisfactory temporary accommodation because the better temporary accommodation is being occupied by those who cannot find private rented accommodation and so on. After making such big changes, particularly tying the annual increase to the CPI, it is important to look at this situation annually and then, if necessary, amend the determination to correct it and ensure that people do not lose out in the way that they otherwise would.

Maria Miller: I thank the hon. Lady for moving the amendment. She gave the Committee an interesting example to think about when it comes to price setting in the private rental market when she cited the example of her own landlord, who was proposing that 10% would be a sensible increase in rent. If the Independent Parliamentary Standards Authority were to hear about that and did not think it a sensible amount—I have no idea whether it would or not—and she could fulfil only a 5% rent increase, would her landlord summarily evict from the property? Alternatively, as my hon. Friend the Member for Wolverhampton South West said, that landlord might take a slightly pragmatic approach, perhaps just because he or she may have thought it possible—the hon. Lady is drawing her rent from a third-party source—that the increase did not matter. Perhaps that is a similar issue to the one we are dealing with here today.

Ms Buck: The Minister makes a fair point. Does she agree that that depends on whether the landlord believes that they can find another tenant who can pay the market rent?

Maria Miller: It depends on a few things. One is whether they think they can get another tenant and, indeed, whether they are happy to have their property standing empty for a month or two while that happens. I can say to the hon. Ladies on the Opposition Benches that we perhaps have a lot of common ground on the issue. We do not want to develop a system whereby the market becomes out of kilter. We are trying to get control of the costs within a market that is clearly spiralling out of control.

Before I go on, I want to touch on the issue of the sufficiency of social housing, which the hon. Member for Edinburgh East talked about at length. As my hon. Friend the Member for Wolverhampton South West clearly spelt out, if there are issues, the hon. Lady should look to her party's 13-year stewardship of and investment in this area for an answer as to why more was not done to ensure a sufficiency of supply of affordable housing. I am sure that she will welcome our Government's investment of some £4.5 billion and 150,000 new homes. If such investment had been going on previously, that would have helped the situation.

Sheila Gilmore: That investment is predicated on rents rising. In other words, it is not an investment by the state in creating affordable housing; it is an investment by tenants in providing affordable housing. If those tenants cannot afford higher rents, the state will still provide for them through the housing benefit bill. Does the Minister agree that there is some sleight of hand involved in suggesting that this is a bigger investment in housing than might otherwise have been achieved?

Maria Miller: I know who are delivering the 150,000 houses—our Government. If that had happened under the previous Administration, perhaps we would not be in this situation. The area of commonality here is that, across all parties, there is an understanding of the need to ensure that money is spent in the most effective way. We are trying to ensure that we take control of housing benefit costs.

The intention of the amendment is interesting. It is to probe the mechanism by which the Secretary of State will review local housing rates to ensure that they consider the changing patterns of rents, whether over time or in different areas. That is an important thing to be doing and it is not something we disagree with. I assure hon. Members that the Committee should find the amendment unnecessary. The Secretary of State will be able to adjust rates to ensure that the housing support available does not become completely out of kilter or out of touch with local rental markets. We will monitor the impact of these measures and make further adjustments if it is right to do so, either locally or more generally.

We have said that we will continue with that method of calculating local housing allowance rates only for as long as it makes sense to do so. The hon. Lady is absolutely right that it would not help anybody if things were to become heavily out of kilter. That is not our intention. We will do everything we can to ensure that that does not happen. I urge her to consider some of the facts at play in the debate because they shed an interesting light on what happened in the past. Since 2000, private sector housing benefit awards have grown by between 70% and 80%, while average earnings have grown by only 30% to 40% in nominal terms. Something other than increases in income is driving housing benefit upwards.

Kate Green: Will the Minister clarify whether she is attributing that increase entirely to what has happened with local housing allowance or does she accept the explosion in house prices and rental levels over the period referred to?

Maria Miller: The hon. Lady is right to suggest the combination of those two factors. I simply reiterate that the lack of control on the increase in housing benefits tends to suggest that something needs to be done to align them. Our main objective is to take control of benefit levels, which, without reform, would have risen to some £24 billion by 2014-15. Front Benchers would not want to embrace a policy that left them further problems in identifying how to make cuts in other areas, making up for the shortfall in housing policy.

I reiterate to the hon. Member for Edinburgh East that we take getting the policy right seriously. The measure will not be implemented until 2013. We have accounted for it lasting only two years, until the end of the spending review. Future Governments can then consider the position and, possibly, make a one-off adjustment.

In areas where rents rise faster than inflation, there should be no presumption that housing benefit will always pick up the bill. Otherwise, I fear we could have a self-fulfilling prophecy. The measure will ensure that housing benefit increases are more in line with rent increases that working families can afford, which is one of the driving forces of all the clauses in this part of the Bill.

On the fear voiced by Opposition Members of landlords leaving the market, a more realistic view ought to be taken. It is important that landlords understand their security of income and, yes, housing benefit recipients provide a very secure income stream. However, despite landlord reservations, more than 1 million claimants live in the private sector, being paid the local housing allowance, so there is a good relationship there. More than 400,000 new tenants are renting in the sector and have claimed housing benefit since November 2008. They are known to be a good set of tenants and to provide a secure income stream.

Given that housing benefit recipients account for such a large proportion of the social rented and private rented markets, I suggest to the hon. Lady that for landlords simply to walk away from such recipients would not be rational. However, we share her concern that the measure remain in touch with the realities of the market, and I hope that she finds that reassuring. I see that the amendment is probing, so I hope she finds my comments sufficient to enable her to withdraw it, given that the safeguards are in place.

Sheila Gilmore: It is important to make it clear that it is not true to suggest that there were no controls on housing benefit levels. I agree absolutely that we cannot have an open-ended system, with some landlords taking advantage, but at all times there have been controls.

Before the local housing allowance, individual rents were assessed. When people wanted to apply for housing benefit on a private rented property, the rent had to be

[Sheila Gilmore]

approved in what was also a bureaucratic process, which often held up people moving into their homes. One of the intentions behind the local housing allowance was to simplify the situation with a set figure for an area.

We could have an interesting debate on the degree to which the local housing allowance has been a successful method, on the pros and cons, and on whether the savings made by not having to assess every individual rent were outweighed by possible increases in the overall bill, but we have to have a proper debate.

Maria Miller: I reiterate my point: does the hon. Lady consider the controls adequate, given the 70% to 80% increase in housing benefit awards in the sector?

7 pm

Sheila Gilmore: We have to look in depth at what has happened to housing costs and rents over the period. A number of factors operate here. One is the marked spike in housing benefit payments to people in the private rented sector since the recession. There is no doubt about it. It is at least arguable that it was due largely to the fact that many people lost employment and found themselves having to claim housing benefit as a result. Others are having to work shorter hours; we know that many people have avoided redundancy by making such arrangements, but that has brought them into a position where they can claim housing benefit to help them meet their housing costs.

It is undoubtedly the case that we have seen a spike, but not so much in the public sector. I suspect that many people in the council housing association sector are, for a number of reasons, already in receipt of housing benefit because they are predominantly unemployed or on very low incomes. The recession has caused a big increase in the number of people in the private rented sector who are claiming housing benefit. Whether it is a temporary spike remains to be seen. The recession is one factor. The overall rise in rents is the major factor. The explosion in the buy-to-let market in the last few years has made more private rented accommodation available. However, those who went into that market have to charge rents to cover their mortgage payments. The fact that house prices have risen will have an impact on those who rent such properties and claim benefit.

Charlie Elphicke: I put it to the hon. Lady that this is no time to be an apologist for the total failure to control the housing budget. In the last decade we have seen it rocket to £14.2 billion. We would have laughed if the country's finances were marvellous and if our nation's credit card had not been completely maxed out with reckless spending and reckless borrowing, but it is not possible. However, this is no time for hand wringing. The Government have to take action, and the Minister is right to take the tough decisions necessary to bring it under control.

The Chair: Order. The debate is spiralling a bit away from the amendment. The amendment is specifically about a report, and I ask the Committee to stick to that.

Charlie Elphicke: With respect, Mr Weir, I should add that I hope that the report will include those particular observations.

The Chair: Too late!

Sheila Gilmore: It is important that the savings that have to be made do not impact disproportionately upon the most vulnerable. That is where I would disagree with hon. Gentleman.

We need to consider the private rented sector carefully. We need to research it properly, especially those factors that impact on rents. Research done in 2007-08 shows that until the recession, the prevalence of housing benefit claimants among tenants in the private rented sector was sitting at about 18%. I concede that it has risen since then. The figures would appear to suggest that it has gone up—that was the spike that I mentioned earlier—but it seems to have been very much the effect of the recession, and it may change.

If the Government want to deal with the rising housing benefit bill, I do not understand why it is not necessary to tackle the outrageous examples that we sometimes hear of. Yet the Government are introducing various reductions that will impact heavily on people all over the country who are not in fact paying these excessive rents, but whose housing benefit will be pushed down still further, or who will be required to find money out of their other income to top up their housing benefit payments. The amendment is about the need to monitor what is happening and to take steps to right that. I accept what the Minister is saying; I welcome the commitment to review the situation, and I hope that that leads to a willingness to change if it is proven that this has been a problem. I particularly regret that the Government felt it necessary not merely to reduce the local housing allowance to the 30th percentile, but to then suggest in advance that annual upratings would be in line with CPI. They did not wait to see the impact of one change before making another.

Maria Miller: Would the hon. Lady welcome a situation in which the measures we are taking kept rents under control, not only for people on housing benefits but for people in the wider rental sector? People in my constituency who do not claim housing benefit are concerned that rents have gone up, and they would be even more concerned if they really understood the potential link between the previous Government's housing benefit policy and the problems that they have in affording rent without the support of housing benefit.

Sheila Gilmore: That presupposes that the assertion that high rents are a result of the housing benefit system is correct. I contend that the high housing benefit payments are a result of the high rents. Those are two different opinions about how the situation has been created. If the Minister is correct, and in the future we see that overall rents are brought down by the measures, I would certainly feel that the action had been a good thing. High rents are a problem for people regardless of whether they are in receipt of housing benefit. It is not helpful constantly to make the distinction between hard-working people who have to meet the rents, and others who are not working. We know that many people in work require housing benefit to meet the rents, and I therefore disagree with the assertion.

I welcome the Minister's commitment to reviewing the situation and to being open to changing her mind on any widening gap, and on that basis I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ms Buck: I beg to move amendment 192, in clause 68, page 52, line 19, at end add—

'(4) Regulations under this section shall ensure that the measures in this section are phased in gradually over a five-year period, with certain groups of people, to be determined by regulations, offered transitional protection.'.

I shall be extremely brief, because many points that apply to this amendment also apply to one that I previously spoke to. The purpose of the amendment is to encourage the Government to look at the phasing in of the housing benefit cap in the social rented sector, and to consider categories of people who could be protected during the transition. The broad points about the availability of alternative accommodation and the predicament of people who would have no means of avoiding the cut have been outlined at some length, and all I want to add is to ask the Government, in considering the phasing in, whether categories of people are being considered as candidates for some form of protection.

At the moment we have a big bang, and in 23 months we will have some 650,000 households facing the cut or a demand to move, and we know that there will not be sufficient accommodation. I am interested to know whether the Government have thought about minimising the pain that will arise for people who are registered for a downsize, for example. There will be people submitting applications to cash incentive programmes, and applying to their local authorities or registered social landlords for a downsize, and they are exactly the people Ministers say they want to encourage in order to reach the objective of tackling under-occupation, which is stated—slightly disingenuously, I think—as an objective of the policy.

The simple and decent thing to do would be to protect people who are now registered for a move until the time when they can have one. Similarly, there are households who, before April 2013, would currently be deemed as under-occupying their property, but whose circumstances are likely to change, making them not under-occupy it. As an example, I will use a couple with two children aged nine and 10. At the moment, they would be deemed as under-occupying their property according to the criteria used by the Government, but obviously, in 10 months or a year, they would legitimately occupy such a property. It seems rather bad to apply a penalty that could, in London and the south-east, cost £1,000 or so for a family caught in that predicament.

I think it was either the hon. Member for Cardiff Central or my hon. Friend the Member for Edinburgh East who used the following example, although perhaps it was neither of the above. *[Interruption.]* It may have been the hon. Member for Redcar who talked about households that were placed by their landlords in property that would be technically under-occupied—where there was a deliberate policy. We know that there are social objectives to an allocations procedure that landlords have been pursuing. We also know that, in parts of the country such as the north of England, there are areas with a surplus of accommodation, and there has been an active policy by local authorities to seek to fill those properties. That is sometimes done through under-occupation, but it is no fault of the households concerned, and it is not even necessarily their choice.

I know of several households where either the local authority or the housing provider has agreed for a couple to have separate bedrooms. Such a situation is unusual, but it is because one person, or both people, have severe medical conditions which make it impossible for them to sleep in the same room. That is recognised by the allocations procedure, and there are, therefore, a number of different categories.

More broadly—I have alluded to this in the past—in our MPs' surgeries we will soon find distressing cases of people who have been in their family home for 30 years, or who have been recently widowed, and who have immediately become liable for this very harsh housing penalty. There is a way of mitigating the damage, while still pursuing the aim of reducing under-occupation. I would have thought it entirely reasonable—in fact, I predict that this will eventually happen—for there to be a phasing in, or for there to be some form of transitional protection. I would welcome the Minister's comments on that and on whether we can look, before we get to the detailed regulations, at some means of managing what I predict will be a policy car crash.

Maria Miller: I thank the hon. Lady for explaining the intentions behind the amendment. Her examples were useful, valid cases, in which individual circumstances can vary so much. There may be an individual who, as the hon. Member for Edinburgh East pointed out, has a great deal of medical equipment associated with them; or there may be two people who, as the hon. Member for Westminster North explained, need separate rooms for legitimate reasons. It is exceptionally difficult for the Government to legislate for those situations. However, there are situations that we can legislate for. What we can do, as I said in response to a previous debate, is look in detail at how we can ensure that there are exemptions for individuals who are disabled, where their homes may have been subject to extensive adaptations to accommodate that. There are potential exemptions for groups there. It is much more difficult, however, to try to legislate for the very examples that the hon. Lady has talked about, which is why we took the clear decision to triple the discretionary housing payments. That would ensure that such flexibility is built into the system at a local level. The very examples given by the hon. Lady would be difficult for us to legislate for, but as she rightly said, they might need to be addressed at a local level. I hope she will be reassured to know that we will also be looking at the level of discretionary housing payment to ensure that it addresses such issues as she has raised.

7.15 pm

It can come as no surprise that we are bringing in this measure, which was announced in the emergency Budget just after the general election. We made it clear that the changes would be introduced from April 2013, which is enough lead time in which to develop the detail of how the measures will operate and how to communicate them on the ground to those affected. We have a great deal of time in the system for us to be able to do that effectively, and a great deal of effort has already been put in by officials in our Department and local authorities.

Introducing the size criterion into a calculation of housing benefit is planned to save around £0.5 billion in the first year alone. The savings from the CPI measure will be around £140 million in the same year. Such changes are of huge importance in making the benefit affordable, and in addressing the country's broader fiscal problems. If the official Opposition are proposing the amendment in a way that would put at risk those savings, I want to know how they would recoup that and whether the proposal has the endorsement of their leadership.

The amounts of money are pretty significant and, coupled with a number of the other elements suggested by the hon. Member for Westminster North and her colleagues today, would total some £1.5 billion of expenditure. They might have tabled their amendments in the best possible way and with the utmost integrity, but the Committee should be asking, given the magnitude of the money, where they would fund the measures from and what other things would be cut instead. The Opposition have simply not been forthcoming about such issues, which should concern many in the Committee, particularly Government Members.

We have looked carefully at the hon. Lady's amendment. I assure her and you, Mr Weir, that we recognise the importance of not working in isolation. We will work with experts to ensure that we develop a clear implementation plan, so that we can provide certainty about the changes before they are introduced. As I have said, we are already meeting with social housing providers, experts in social housing, local authorities and others to ensure that the impact of the changes is well managed. We will shortly be establishing an implementation group, which will play a key role in working through the associated practical issues.

I hope that, in the light of such assurances, the hon. Lady can accept them and withdraw the amendment, so we can proceed with consideration of the Bill.

Ms Buck: That poor discretionary housing benefit! The loaves and fishes are not only feeding the 5,000 but stretching to house the 650,000.

I am encouraged by the Minister's indicating that the Government might look further at discretionary housing payments. I will be interested to know when that might happen, and what indication that gives us about the thinking on how a sufficient degree of discretion would be built in for local authorities to make any kind of variation to meet such circumstances as I outlined. Given what the discretionary housing benefit is being asked to carry in the private rented sector, to maintain people in employment and to prevent homelessness, there does not seem the remotest chance of it doing anything of any significance whatever in the types of cases I have outlined, and with which the Minister has expressed some sympathy.

On the question of the lead-in time, again, I fear a little for the optimism being expressed. Officials might well be working extremely hard—I do not doubt that they are—but they cannot do anything about putting five into one: five times more people would need to move in order to avoid the penalty, and the properties are simply not available. We are now into the 2011-12 financial year, and local authorities and housing associations have not changed their allocation criteria to allow people to have priority for downsizing. That means that, if a single person wishing to avoid the penalty it is to be assisted in doing so, the entire burden will fall on a single financial year, 2012-13. That is impossible—it is simply not going to happen. Only a tiny minority of people who wish to avoid the penalty would be able to do so.

We now know, however, from our previous amendment, that the measure is not about tackling under-occupation. This is a probing amendment and we all understand the financial pressures, but I am looking for a similar degree of candour from the Government. However, we are getting not candour but the explanation that this is about tackling under-occupation, when it is not. The measure is simply about a cut in income for vulnerable people, because it is the only way the Minister can make the savings that she has again stressed are the priority. To do so, I think I am correct in saying, for the first time we have a deliberate policy that will cut, and is intended to cut, below the minimum level of income that the state and her Government have deemed acceptable for people to live on.

When people have a legitimate claim to JSA, ESA, income support or the universal credit, the Government have decided the minimum that they have to live on. For the first time, we now have a policy explicitly setting out that they wish people to live substantially below that level. If the Government are not saying that—the Minister is shaking her head—we must give people an opportunity to avoid that situation, but we cannot. The properties that would allow people to move are simply not available. If they were, the Minister would not want it to happen because no money would be saved. She expressed that fairly clearly.

I thought of another way to mitigate the impact of the policy, but I will not press the amendment to a Division. We voted earlier on an amendment that would have allowed us the flexibility to meet the needs of such highly vulnerable people. Sadly, but confidently, I predict that Ministers will revisit the issue between now and 2013, because I still do not believe that Government Members have properly understood the sheer scale of what the Government are proposing and its impact. When it is revisited, there will be urgent need for some form of phase-in, transitional protection or mitigation to prevent some harsh and painful decisions being inflicted on some of the most vulnerable people in our country.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 68 ordered to stand part of the Bill.

7.24 pm

Sitting suspended.

8.5 pm

On resuming—

Clause 69

ENDING OF DISCRETIONARY PAYMENTS

Ms Buck: I beg to move amendment 177, in clause 69, page 52, line 38, at end insert

'providing that these amounts are ring-fenced for the purpose set out in that Act'.

I am grateful for the opportunity to introduce the first of two or three amendments on the social fund. All of us with an interest in the matter know that it is not easy to make an unqualified argument in favour of no change to the social fund. There have been many criticisms of it over the years with well-informed and powerful reports from the National Audit Office, the Public Accounts Committee and the DWP Committee. There is certainly nothing wrong with looking at ways of responding to some of the faults and failings in the system, and improving its delivery.

Unfortunately, what we have here is abolition of the discretionary social fund through localisation, leaving us with a system that will not have statutory force and will not, unless the Government see fit to accept my amendment, have a ring-fenced budget. Whatever criticism there has been of the system, both are systemic weaknesses in the Government's proposal. It is unfortunate that we are having this discussion in Committee at a time when so much of the detail of the proposed reorganisation is still unclear, and the DWP's consultation closed only on 15 April. It is unfortunate that we are having this discussion with so little information about exactly how the Government envisage the revised scheme operating, and most of my remarks will be questions to the Minister.

We know that the discretionary social fund, as it stands and with all its flaws, is a hugely important source of assistance for claimants at a time of acute need. In particular, it provides interest-free loans to meet intermittent expenses and immediate short-term needs with emergency grants for essential items such as cookers, beds, clothing and footwear, and for equipment for disabled people. The need for such assistance is likely to remain, and there seems no sign of its disappearing in the immediate future. If anything, there is a strong case for saying that demand is likely to increase in the coming years as the cuts in housing benefit that we have discussed this evening and elsewhere begin to bite. Overall, there will be significant reductions in benefits with £18 billion of reductions in welfare benefits between now and the introduction of universal credit. It is unlikely in the context of those cuts and the immediate economic environment, and with the continuing pressure on jobs that demand for emergency assistance will reduce.

The social fund provides an essential safety net for the poorest of the poor, and the most vulnerable and most deprived at a time when they are suffering the gravest hardship. That is why, despite the Government's willingness to challenge the previous Government on the social fund, and for all their criticisms, their decision to abolish de facto the social fund has been so heavily challenged by the social welfare organisations. The Child Poverty Action Group, Gingerbread, Crisis, Homeless Link, Barnardo's, Scope, the National Housing Federation, Save the Children, Citizens Advice, the Disability Benefits Consortium, Oxfam, Family Action, Community Links, and the Daycare Trust are just some of the organisations that have lined up to say that the Government are taking the social fund down the wrong path, and putting vulnerable people at risk.

The amendment aims specifically to ring-fence the budget, and I will explain why that is an essential safeguard for any form of localised delivery.The critical point is whether there will be enough money, and how we can safeguard any money that will be available through local authorities. We have been told repeatedly that the localisation of the social fund is not a cost-cutting exercise, and I am happy to accept that at face value. We shall return to some of those questions when we discuss later amendments, but this measure is designed, fairly explicitly, as a cost-containment exercise. We accept that there must be a degree of cost containment under any system, and we understand that the demand for social fund discretionary payments rose dramatically over the past few years, largely, although not exclusively, because of the recession. We must now look to see how the available resources can be protected so that at least a minimal safety net stands between people and destitution.

My amendment seeks to address two related problems. First, will any devolved grants and loans from the discretionary social fund be protected by the local authorities to which they are given? Secondly, what will those funds be? I accept that this is not a cost-cutting exercise, and we believe that the money now available through the social fund will be devolved to local government. Critically, what will those funds be in the light of recoverability? That question goes to the heart of the fund's future in local government. We also want to test how the measure will work in the light of possible additional costs for local administration.

The Government have said that they have no intention of placing any statutory duty on local authorities to determine what kind of support and services they intend to provide—hence the decision not to ring-fence. Unfortunately, recent long-term experience, which is one of the reasons ring-fenced grants were popular with the previous Government, has shown a particular example that points the way and raises a large red flag. That example is what happened to the Supporting People programme. The Supporting People grant was ring-fenced for local authorities to provide support for vulnerable people such as the elderly and disabled. When that ring fence was removed, the Government cut the budget for Supporting People by 2.7%, a significant but not huge amount. However, local authorities also cut the services funded by Supporting People by an average of 13%. The cuts that local authorities made to services funded by a Supporting People grant were nearly fivefold worse after the ring fence was removed, and that is a matter of grave concern.

George Hollingbery: Will the hon. Lady tell the Committee what evidence she has that services for vulnerable people have been cut, and whether the particular services that were mandated by Supporting People have been cut? There is a difference.

Ms Buck:I am afraid there is no point in beating about the bush. I cannot tell the hon. Gentleman how those services have been cut, but I am confident that if he were to ask organisations such as Save the Children, Barnardo's, Oxfam, Age UK or Mencap, which have been working on the front line, they will provide him with that information. As always, there will be a mixed picture and examples of where the hon. Gentleman's point will be upheld. Regardless of whether any reduction in services could be justified, the fact remains that what we have seen is a fivefold worsening of the expenditure on Supporting People services compared with the size of the cut in grant.

8.15 pm

Whatever the analysis of the service providers—and I am sure it would at least be a mixed picture—that is something to be concerned about. In this case, when it comes to social fund expenditure—the kind of discretionary payments through crisis loans and community care grants—by definition, as we heard extensively in evidence, they are front-line services at the point of destitution and the most critical hardship. Finding other ways of dealing with the problems that are presented by those clients is not easy. That is my first concern. Obviously, the Government are only a year into their mandate. We do not have that much experience to draw on yet to see what has happened in local authority spending, as ring-fencing has been removed from front-line local government services.

I can speak for my own local authority, as I suspect my hon. Friends can if they are in authorities that are Conservative or otherwise controlled. Unfortunately, it is often the services to very vulnerable people, not those that necessarily attract the mass demonstrations, which have been cut. I do not want to stray too far from the amendment but I can say that, for example, in my local authority 3,000 disabled people are being reviewed for the loss of their care services; a day centre for people with disabilities is being cut, and we have cuts in children's services, youth services and many others. Those tend to be services used by a minority of people and therefore not ones that often manage to sway majority opinion.

Sarah Newton: I am grateful to the hon. Lady for giving way but I take exception to her huge sweeping generalisation. She has said that there are no data on the situation. I am sure each of us could talk about our own local authorities and what they are doing to ensure that the most vulnerable people are provided with a good range of services. I do not agree with the hon. Lady's assertion at all.

Ms Buck: I am a little puzzled because the assertion I made was in respect of my own local authority. I am not sure that the hon. Lady can differ with that, as it is a matter of fact. I am not saying that every local authority is doing that. I am delighted to hear that some are not. I know the experience of my own and neighbouring local authorities. We have the facts, the budgets, the outturns and the decisions on which we can make that judgment.

Sarah Newton: There is often confusion between the amount of money that is expended and the quality of services received. Through the process in my local authority, it has reviewed the services, so that not every organisation that previously got, for example, Supporting People funding, is getting exactly the same amount of funding. However, through that process, it has identified new, better and different ways to deliver services to the client group. Sometimes less is more.

Ms Buck: Sometimes less is more and sometimes less is less. This is an important point to which I will come back. The 3,000 people with disabilities in my borough who face losing their entire care packages would not say that less is more. They would simply say that they were getting a service a few months ago; they are still disabled; they are not getting a service any more. The people with severe disabilities who attend the centre for independent living will no longer have that centre when it closes. They will not be saying less is more; they will say simply that they are losing a service.

Charlie Elphicke: In defence of the hon. Lady's local authority of Westminster, I place on record that it is known to be an outstanding council, so much so that in her constituency, while she achieved a plurality of votes in the parliamentary election, I believe that the Conservative party did so in the local authority elections.

The Chair: Order. The debate is wandering somewhat from the amendment. We could perhaps bring it back.

Ms Buck: I would be delighted. Even I could not see the relevance of that point.

We have the evidence from Supporting People. On the ground, that evidence will have some variations; of course it will. Sometimes when people have their backs against the wall, they can come up with innovative solutions and different ways of doing things. I completely agree that change is sometimes necessary. However, we know that when the ring fence came off, the cuts in the Supporting People grant were significantly deeper than the cut in central Government allocation, which is a warning sign. We also know that the same is true for local government services in different parts of the country.

Sheila Gilmore: I am sure that my hon. Friend will be interested to know that in Scotland, ring-fencing for Supporting People was done away with some three years ago, so we have some considerable evidence. If lower level preventive services are not safeguarded, they tend to be cut when local authorities face crises. In the long term, preventive services save money, but in the short term, it is easier to go for the urgent services rather than the preventive ones. That is what we have seen over a three-year period.

Ms Buck: That is absolutely right and I fear that we will see that again. I will table further amendments on consistency of service and the postcode lottery. On money and the resources that will be available through a localised discretionary social fund, at the moment we have a crisis loans system that is administered nationally. Those crisis loans are repaid in significant part. Some 86% of the spend coming in any one year from the crisis loans is from loan repayments. The question that I am not sure about and that calls the whole funding of a localised social fund into question is whether a devolved budget to local government is predicated on local authorities being able to make loans and get back repayments. If they cannot, simple maths indicate that the fund will get small very quickly. The Minister is shaking her head, which makes it easy for me because I was going to ask her a couple of questions about how local authorities would even begin to set up a mechanism for recovering loans. We now know from the Minister that that is not the case.

What estimate is the Minister making of the amount of money that will be available to local authorities? I am not talking about day one, because we have the assurance that this is not a cuts agenda and local authorities will have the equivalent of a current budget delivered to

them, but years three, four and five. If that fund is not constantly replenished by repaid loans, there will not be much money in it.

Perhaps the Minister could tell us how much money she expects to be available to local authorities after three years of a fund that has been depleted because of the absence of repayments on loans. This is a serious problem. We have the pressure around ring-fencing and the fact that the fund itself will be significantly depleted. Our expert witnesses made it clear that that was at the heart of their concerns.

Richard Tilt from the Social Security Advisory Committee said:

"Community care grants are the bit I am most concerned about—£141 million. By the time that you have dished that out to 100 plus local authorities, there will not be a great amount of money at local level, and I think, as it is not ring-fenced, it is likely to disappear into other things."—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 83, Q136.]

Sir Richard Tilt is a man of unparalleled experience and expertise when it comes to the history of the social fund and we should be listening to what he has to say. He went on to say that in the past 25 years, the discretionary social fund has been the ultimate final safety net for the poorest and most vulnerable. If we are to have a UK social security system, there should be a UK safety net underneath it. It does not seem very likely that local authorities would provide that safety net and I would be very sorry to see the end of a national scheme that provides proper underpinning.

Professor Kempson told us:

"As I read it, there will be no ring-fencing, and I cannot even see that there is any proposal as yet to build in any form of accountability by local authorities. That is the very least that is needed."

Then she made a critical point:

"Otherwise, we will find even less fairness than the Public Accounts Committee found when it inquired into the current social fund."—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 82, Q133.]

She went on to ask whether people can get decisions reviewed.

Both these problems now compound each other. First, there is a lack of a ring fence for a grant system that is, as we know, targeted at the most vulnerable, so local authorities will not have to ring-fence the money to provide for those individuals. Later amendments raise some serious questions about how local authorities will provide for people who do not have a local connection, which I think is one of the most worrying aspects of the whole system. Secondly, there will potentially be a depleted grant, because it will no longer be topped up by repayable loans.

Then we have, at the front line, local authorities being the gatekeepers for a significantly reduced crisis and/or community care equivalent grant. Councillor Steve Reed gave evidence to us that local authorities have expressed a willingness to be involved in this process. In theory, I think we can all see some of the attractions of local authorities having that interaction at a more direct level than that provided by the distant telephone advice system that the social fund operates. However, Councillor Reed also told the Committee about his concern that the localisation of the social fund should be fully funded and that that needs to cover all the costs, including the administration cost, which was £19 million in community care grants alone in 2008-09. It would be good to receive from the Minister an absolute assurance that the administration of the fund will be covered in full and that that money will be devolved to local authorities.

I wonder whether the local councils have had a chance to reflect properly on what it is likely to cost them to set up a proper apparatus for decision making. I say that because if we go back to the impact assessment for the social fund we discover one of the critical reasons why the Government want to wash their hands of that responsibility.

We know that the Government are saying—indeed, even the previous Government were saying—that the telephone-based system was in some way responsible for both a higher level of demand and for making it more difficult for officials at a distance to make proper judgments about whether people were in need. However, the impact assessment goes on to say that a more intensive assessment of the 3,645,000 people across the country who applied for discretionary funds last year

"would create serious capacity issues and increased administrative costs."

When we were interviewing our expert witnesses, some Government Members were keen to stress the localism agenda and Councillor Reed expressed—not unreasonably—a willingness, in principle, to engage with that agenda. However, the impact assessment is telling us that the very thing that is supposed to be the virtue of the localised system will create a serious capacity issue and place an increased cost on local government. That rather attracts the words "poisoned chalice".

That is compounded by the fact that we have an expectation that social workers are the people who are engaged with the potential client groups, and that because they are already engaged with all those groups they will somehow be able to integrate an assessment for a crisis and/or community care equivalent grant without that involving them in any more work. Of course that is simply not true, because by and large social workers are no longer engaged with whole swathes of the kinds of people who apply for grants and loans under the discretionary social fund.

It is precisely because local authorities have been retrenching the service that they provide—they now often engage only with people with critical care needs in terms of disability—that they do not have any connection with ordinary people whose principal and presenting problem is a financial pressure, such as lone parents in financial difficulty, and still less with people who are homeless or ex-offenders. They simply do not have that relationship. Local authorities, on a potentially frozen or depleting grant, will have to deal with an expectation that they will provide an intensive, face-to-face assessment for a cohort of people with whom they have no relationship, and do it in a way that will somehow be almost cost-free to local government. It will not be cost-free.

8.30 pm

Social workers are, understandably, expressing a great deal of concern. The consortium of community care stated recently that social workers are anxious about having to deliver the social fund in the knowledge that applications for community grants are turned down in nearly 60% of cases. Some 640,000 people applied for

community care grants last year, which is a fantastic increase in the work load of social workers and which diverts them from the core tasks for which they are employed by local authorities. Social workers also have to face the fact that, instead of being the advocates and champions of the people whom they represent, they will have to turn down applications for grants in 60% of cases.

Charlie Elphicke: To listen to the hon. Lady, one would think that the whole system works well, but that is not the case. The previous Government issued a Green Paper saying that there were a lot of repeat people, that we needed to deal with them and that they were going to take action on them, and the current Government have noted that the budget has tripled since 2006. This is another case like housing benefit, where the whole thing has got out of control, so surely it needs to get back to a sense of balance.

Ms Buck: Well, that is as may be. The hon. Gentleman makes a perfectly reasonable point about understanding, which we do not do particularly well, what has driven the increase in applications for crisis loans and community care grants in recent years. It is worth, however, referring to the success level of appeals against refusal decisions and seeing just how many cases are awarded on appeal. It does not seem likely, on the face of things, that grant applications are being made in vast numbers by people who do not have any entitlement.

We are going to have to have a gatekeeping process and it will not be an easy one, wherever it is applied. My point is that local authorities may be in for a surprise, because they will be asked, according to the impact assessment, to carry out an intensive, face-to-face process of determining who will be successful and who will be unsuccessful out of the millions of people who apply every year. That process will be lengthier and more time-consuming than that which is currently provided nationally by a telephone service. It will not be cost-free, which will be deeply unpopular with the people on the front line, who often have to make the decisions, because it is not their core task and because they are not involved with many of the client groups anyway and it is not necessarily a cost-efficient use of their time.

Sarah Newton: I am sure that, like me, the hon. Lady receives many visitors to her constituency surgery who are in that crisis situation. They come to us in desperation and we are often involved in helping them get crisis loans and other support. Will the hon. Lady consider that it could be beneficial for someone to see somebody locally? I am able to signpost my constituents—I am sure that she is, too—to a whole range of support that is available locally, whether it is in the voluntary sector or with other people in the statutory sector. At that point of crisis, we have that local knowledge of what support is available. Would that not be a benefit of administering such grants locally?

Ms Buck: Actually, there are ways of delivering them locally other than through local government. I can see that point. I did not begin my comments by rubbishing in principle the idea of a degree of localisation. My worry is that, by removing the ring fence from grants, the Government are inviting those local authorities that do not have an in-principle commitment to doing this to not spend the money well.

The dilemma is that some local authorities will not particularly wish to invest in good quality signposting. We can tell who they are, because they do not run a very good welfare rights service. Not all local authorities provide high quality services, as the hon. Lady sort of implied. There is a vast difference in the quality of service between local authorities. If local authority A does not wish to provide other than the most core minimal service under the fund, it will be able to not do it, with the result—this leads me to later amendments—that some individuals who do not have a local connection will be encouraged to move between local authorities to seek the authorities that provide a better service, so there are all kinds of risks.

The other problem is that there will be a potentially significant additional cost in providing that quality level of local interaction, which is not factored into the costings. I am not opposed to doing a quality, local, face-to-face interaction and assessment; I think it has a great deal of potential. But it is not costed and is not paid for. Either it will not be provided at all or it will be provided out of the package of money that is available for the kind of crisis financial support that is available for destitute people.

Yvonne Fovargue (Makerfield) (Lab): Does my hon. Friend share my concern that some individuals do not want to approach a social worker? They have never had interaction with social workers and have an unfounded fear that approaching social services will mean that in some cases, because they are facing pressure, their children will be taken away from them. That fear is often unfounded, but such people are likely to get into debt, increasing pressure on the family.

Ms Buck: I do absolutely think that that is right. It is slightly getting beneath the surface of the concept of the local. Localism is always a good slogan. It is always a good thing to do, but what do we mean by administering something locally? Either it will be a new bureaucracy with new people delivering the service, or existing staff will have to be diverted from other tasks, or additional resources will have to be put in. If it is social services, it may be that a significant proportion of people who currently feel able to make an application to ask for money, because they are destitute, will not be able to do so.

Charlie Elphicke: As the hon. Lady will know, outside London there are not so many unitary authorities—*[Interruption.]* Except for one in Cornwall, as my hon. Friend the Member for Truro and Falmouth points out, they are generally district and county councils, and unitaries are still not the majority. I am not clear whether the provision will devolve to district level or merge with housing benefit authorities, or to county level. If it is district, it will not be social services, because that is a tier 1 responsibility.

Ms Buck: I am sure the Minister will correct me, but my understanding is that it is at county level, so it makes sense in terms of social workers on the front line, although I defer to the comments of my hon. Friend the Member for Makerfield about that not always necessarily being the right way of doing it. It also slightly undermines the point made by the hon. Member for Truro and

Falmouth about the ways in which signposting services can operate, because that would not necessarily be through an interaction with social workers. There are a great many issues that need to be worked through if this is going to work. It could work. Localism could work in the delivery of the service, but there are so many caveats and there is so much that we do not know.

As I have said, the absolute bottom-line safeguard in ensuring that there is a proper level of funding in each local authority area, particularly given what we fear about the depletion of resources because of the absence of repayable loans, would be for those funds to be safeguarded. We do not want to be in a situation where a local authority decides that it is in its interests not to provide anything like an effective service, and we do not want a bidding war down to the worst level of service, which is a possibility. Such things can happen as local authorities, understandably, seek to protect their own interests at all times, and no local authority will want to be on the border of a local authority that is providing a lower level of service and potentially encouraging people elsewhere.

I moved the amendment in the hope that the Minister would see it as a step towards accepting some of the merits of a localised agenda, but with a necessary safeguard, if only for a transitional period, in order to be absolutely sure that the most destitute people who rely on the loans and grants that exist now through the social fund are not left vulnerable at any point to local authorities that do not protect those funding streams. As we have seen with Supporting People, that is a genuine risk. Some safeguard must be built into the system.

Kate Green: I want to ask two or three additional questions to support and supplement the points raised by my hon. Friend. I share her concerns about what will happen if the funds devolved to local authorities are not ring-fenced and how people in the direst straits can be confident that their needs will be met. We know, as the hon. Member for Truro and Falmouth said, that people in need are already being forced by the insufficiency of social fund resources to turn to other agencies for financial support.

We can expect the demands on such agencies to rise anyway as a result of the prevailing economic context and the planned benefits changes, but people in at least some local authorities will also experience more difficulty accessing statutory support than has perhaps been the case. Agencies are concerned about how they will meet that need. For example, Family Action, a charity that makes grants to people in financial difficulties, is already finding itself unable to meet the need presented to it, and it is concerned about the gap that it might be expected to plug.

I have three questions for the Minister. First, how will people know that support is available from local authorities? How will they know how to make an application or gain information about the local authority's criteria and access arrangements? Presumably, Directgov will not be able to provide information about access to local authority-managed emergency funds for every single local authority in the country. I would be grateful if she could explain how the information will be made available to potential claimants and how Jobcentre Plus and other agencies will be able to signpost people to local authority support.

Secondly, what, if any, arrangements or expectations does the Minister have in relation to review and appeal? It is concerning, as my hon. Friend pointed out, that many of the appeals against social fund decisions are successful. The social fund commissioner has reported that when he has reviewed decisions to reject budgeting loans, he has found that many who have applied would have been entitled to community care grants. We can see that decision making has never been very consistent or necessarily correct from the point of view of the applicant. I am anxious to know whether the Minister intends review and appeal mechanisms to be entirely at the discretion of local authorities. I rather fear and expect that she does, but will the Government issue any guidance on that?

My third question relates to one particularly vulnerable group of people who have accessed the social fund in time of need. I would be grateful for the Minister's comments on their position in future. They are the people forced to turn to the social fund when fleeing domestic violence. Such people are often forced overnight to leave their home and all their goods and household items and set up elsewhere, with no opportunity to remove anything from the family home or turn to family members for financial support. They must often hide from the perpetrator of the violence, losing all their social networks and informal support.

Those people are unlikely to be known to social services. Many victims of domestic violence have had nothing to do with social services before—or indeed, in many cases, after—the occurrence of violence. Therefore, as my hon. Friend pointed out, they are a group of people for whom social work decisions are unlikely to be particularly effective or well-informed. Can the Minister provide any assurances about guidance that will be put in place to urge local authorities to take a thoughtful and coherent approach to victims of domestic violence? That group makes substantial calls on the social fund at times of acute need and desperation. Ministers have expressed concern for that group in other debates during the passage of the Bill, and I shall be interested to hear what the Minister says in Committee tonight.

8.45 pm

Maria Miller: I thank the hon. Members for Westminster North and for Stretford and Urmston for their contributions to the debate. In particular, I thank the hon. Member for Westminster North for acknowledging the shortcomings of the current system and agreeing about the need to address them. I am sure that she did not intend to confuse the Committee by saying that the measure was a default abolition of the social fund, because that is simply not the case. Hon. Members who have had the opportunity to review the excellent policy briefing that members of the Department have pulled together will see clearly that the summary of social fund reforms falls well short of the total abolition that the hon. Lady has asserted. The regulated part of the social fund remains very much as is. If she goes back and reviews the *Hansard*, she will find that she has asserted, without making it clear, in at least two points in her contribution, that the measure is a default abolition of the social fund. *[Interruption.]* I am glad that, from a sedentary position, she is now making that clear.

It is important that hon. Members are aware of the situation, because many of the questions that were raised in the two Opposition contributions will be dealt

[Maria Miller]

with through the continuing robust support that is offered in the regulated part of the social fund. It is important not to blur the matter and leave individuals feeling that were they in very difficult situations, they would not get the support that they need. Of course, budgeting loans, the crisis loan alignment payments, and so on, will continue operating as they are—they will be centrally administered, not devolved to local authorities. The measure simply relates to some of the discretionary parts, which, as the hon. Member for Westminster North has rightly pointed out, have caused a great deal of the criticism that has come from independent organisations about how the system is run. It is important that Committee members are aware of that.

The social fund was introduced more than two decades ago as part of the Fowler reforms, and since then, welfare delivery has changed significantly. The problem that we face is that that the discretionary parts of the social fund are administered in an incredibly remote way. The administrators do not have day-to-day contact with communities; they cannot check that the money is being used in the optimum way, both for the taxpayer and for the individuals concerned; and the remote, telephone-based administration method has been heavily criticised. I am told—I do not know whether I can verify this—that there are even websites that give guidance to applicants on how to conduct telephone conversations when they apply for the loans, to optimise their success rates. All such abuses of the application process have led to widespread criticism, to which the hon. Member for Westminster North alluded in her opening comments. Such criticism has been most recently seen in the National Audit Office report, but has also been made through the Public Accounts Committee.

I do not think that any of us in Committee are trying to say that those problems are to be left as they are and that reform is not needed. The community care grants and the crisis loans—other than those that are currently available to applicants pending payment of benefit, which are the most discretionary—are being replaced by a new, locally based provision, which will be delivered by local authorities in England and devolved Administrations in Scotland and Wales. Perhaps the hon. Lady believes that we will in some way simply take the existing structures and devolve them to local authorities, but that is not the case. We will take the funding thereof, and allow local authorities to determine how best to use it. That sort of locally based support, designed to meet the needs of local communities as different as my constituency in Hampshire and the hon. Lady's in central London, ensures that the richness of that difference is reflected at the same time as the robust backstop of national support is maintained. The many elements of the social fund, including cold weather payments, funeral payments, Sure Start maternity grants, winter fuel payments, budgeting loans and crisis loan alignment payments, all stay centrally administered and are not subject to local decision-making processes.

Guto Bebb (Aberconwy) (Con): I warmly welcome the comments about the localism agenda, but am concerned about the funding being devolved to the Administrations in Scotland and Wales. The Welsh Assembly has shown itself to be keen on centralising control, and there are huge differences between various parts of Wales, as there are between various parts of England.

Maria Miller: Having spent a great deal of my childhood in Wales, in a very different part from that which my hon. Friend comes from, I absolutely know what he means. These are the sorts of discussions that we will have with the devolved Administrations, to ensure that in devolving the money down to the Welsh and Scottish levels the richness of taking account of the local needs of both rural and urban areas is not lost.

I want to pick up on some of the comments that hon. Ladies have made, particularly those of the hon. Member for Westminster North about the ordinary financial pressures that parents face. They want loans for items that are important to their families and which they could not otherwise afford. This policy area is new, and it will take some time for the hon. Lady to fully understand it, but I want to reassure her that those are just the sorts of things that are dealt with, and will continue to be dealt with, through budgeting loans—unchanged and unaltered. We are retaining the loans at a national level through a new system of payments on account, which—I hope this will reassure the hon. Lady—will not be cash limited.

Ms Buck: That was not quite my point, which was that there will be people—including lone parents—who are not known to and do not interact with social services, as is well-documented in the report on the experience of social fund customers that was produced last year from an analysis of 500 claims. That there are those people is the critical point—it is what I mean by ordinary—but they none the less make applications for crisis loans. My point was that there is a mismatch between an expectation that social services departments will know all such people and the fact that there are people in crisis who are not in that category.

Maria Miller: I understand the hon. Lady's point, but budgeting loans will continue to be administered as they are now, by referral from Jobcentre Plus, and will not be devolved to a local level. The hon. Lady perhaps needs to ensure that she has read in full the policy document that we have here.

Sarah Newton: Perhaps I can help to clarify the point. Although in previous discussions we said that once the money was devolved to a local authority, social services might be involved in the administration of the funds, that is by no means a prerequisite. The local authority in receipt of the funds could decide to have any number of solutions to address the issues identified. It is a particularly good point that people do not necessarily want to go to social services because of fears and perceptions to do with their children, but the money could even be given to a voluntary sector organisation to administer, so the continuing debate about social services is a bit of a red herring.

Maria Miller: My hon. Friend is right that an awful lot of assumptions have been made. The hon. Member for Westminster North is obviously trying to flush out the various issues that will arise from this new way of doing things. However, I stress that my hon. Friend is saying that it is down to local authorities to look for the best way to access the necessary funding. If using social services is thought to be inappropriate, there are many other ways to identify those in greatest need. Indeed, I know that some areas will have different routes from the one that she suggests.

I want to ensure that the hon. Member for Westminster North has grasped—I am sure that she has—that not all the funding is being devolved to the local level. A great deal of it is being retained at the national level, as is the sort of day-to-day expenditure of which she speaks, rather than being devolved to local administration.

Yvonne Fovargue: If things are working well, the DWP currently administers all the systems, and there is some cross referral. If someone applies for community care grant and does not get it, they are put in for a budgeting loan. If they apply for a budgeting loan and it is seen that their circumstances are such that they would get a community care grant, they are cross-referred again. How will that cross referral work given that the two agencies are completely different?

Maria Miller: The hon. Lady raises a good point. There will be cross-referral on all sorts of things, and signposting will be extremely important to ensure that individuals get access to the support that they need. However, I urge the hon. Lady not to think that we are going to take the present system of grants and interventions and simply insist that local authorities do it. I reiterate the fact that local authorities will have many ways to use this money.

I bring myself firmly back to the amendment, Mr Weir, before you insist that I do so. Clause 69 paves the way for the reforms of the social fund that will replace the discretionary part of the social with a mix of local and national provision. Our commitment to localism will give local authorities the freedom to make the most appropriate decisions for their areas. At the heart of what we are talking about is a non-ring fenced fund; local authorities from north, south, east and west will be able to decide how best to use that significant amount of money in support of their local community to ensure that their services meet local needs.

There is a philosophical difference between the Government's approach and that taken by the hon. Member for Westminster North. When I consider my local authority and local authorities throughout the country, I know how committed they are to ensuring that they meet the needs of local residents, and I know how hard local authority staff work to ensure that they meet the needs of local residents. For the Opposition to question that through their line of attack is unfortunate. We are all knowledgeable about our local authorities, and we know that they will be working at their hardest to take the opportunity better to meet the needs of local residents rather than trying in any way to undermine the support that is given.

We heard a great deal of assertion from the hon. Member for Westminster North about the cost of the measure. Again, I affirm that any new burdens will be funded; there is no expectation that local authorities will replicate the current scheme. We are not localising the discretionary social fund. It is vital that the Committee understands that. The new service may not necessarily be an application-based service. It may be a referral, with no expectation that social services will administer the new assistance, although they may of course be involved in referrals if the local authority decides that that is appropriate.

9 pm

It is important to give local authorities the opportunity to ensure that those extra bits of support, which can make a real difference to families and to individuals when they are most in need, are delivered in a way that is most appropriate for that particular local community.

The hon. Lady talked about a number of aspects of the current system. I just wanted to ensure that the record was clear. The crisis loans recovery is approximately 50% in-year, not 84% as I think she mentioned. Money does not come back very efficiently at the moment. About £140 million of the current social fund loan debt is five years or older, so there are some real problems with the current scheme that I do not think that we can simply skate over. As the hon. Lady rightly said, this is not a measure around cost-cutting. Equally, it is not about cost-containment, because the current scheme is cash limited and not updated as a matter of routine. Payment on account will remove that cash restriction when it replaces budgeting loans and alignment payments. Funding will transfer with the function to local authorities, and any new burdens will be funded—she can be assured of that.

The philosophical difference here is about the way that we view local authorities, and their role in delivering services to our constituents. Local authorities are public bodies that must act in a way that is consistent with the law, and if they do not act in a fair and impartial manner, they could be challenged. It will be the responsibility of local authorities in England to determine appropriate arrangements for reviews when it comes to that policy area, and to ensure that decisions are fair and impartial. It will be the responsibility of the devolved Administrations in Scotland and Wales, and the delivery organisations there, to ensure that decisions are fair and impartial. I think that local authorities will take this new duty obligation very seriously indeed and make sure that they make the most of an incredibly good opportunity to improve their local services.

The question was: why not simply impose a new duty on local authorities? In freeing up local authorities from top-down control from central government, we will give them the opportunity to come up with better solutions than simply a one-size-fits-all approach. They will, of course, be open to scrutiny at local level for any decisions that they make not only from the people living in their community, but from local politicians and, if necessary, from the local ombudsman as well. There are, therefore, many levels of scrutiny in place to ensure both that the available funding is used in a proper way, and that decisions that are taken are fair and as we would expect them to be.

Other issues were raised by the hon. Member for Stretford and Urmston. How will individuals know how to make an application? Will there be signposting? The obvious answer to that is that it will be down to an individual local authority to decide the best way, in their community, to put that together. As the hon. Member for Westminster North said, it may be deeply inappropriate in some areas to have social workers in that role. In my area, social workers are highly respected and would be seen by, and have fingers in, all aspects of the community and would be well placed, in that instance, to be involved in the process.

On review and appeal, as I just said, the scrutiny that is open to local authorities is very intense not only from local residents, but also from local councillors, through scrutiny panels at local council level, and then, ultimately, if individuals feel that anything has been dealt with in a way that is not consistent with how it should be, through the local government ombudsman as well.

On domestic violence, as I am sure that the hon. Member for Westminster North would expect, we will be taking extreme care to ensure that individuals who are subject to domestic violence continue to receive the sort of support that they need. Through the national loan schemes, which continue to be in place, individuals who are in that kind of situation will continue to be able to get the support that they receive at the moment. I would imagine that it would be an extremely high priority of local authorities to ensure that, as I am sure that most of our local authorities do now, the services that support victims of domestic violence view this as a beneficial move to augment further the support that they are able to give directly, rather than them potentially having to go through the Government to access it.

Several individuals have raised concerns about ensuring that we have clarity about how people can access support, and that is an issue that we are discussing with local authorities, the Local Government Association and the devolved Administrations, because, as hon. Members have rightly said, it is important that access to support through the new provision is clear and that people can get that support as they need it. Indeed, the problems of people fleeing domestic violence have formed a great deal of the discussions that we have had with local authorities and others to ensure that those people's needs are still covered.

I hope that those comments deal with all the questions that hon. Members have asked and that they understand more clearly that the Government are not in any way abolishing the social fund. I am sure that that was a slip of the tongue from the hon. Member for Westminster North. Indeed, a great deal of the regulated part of the social fund will still be firmly in place, offering the sort of support that it needs to provide. However, we are taking this opportunity to empower local authorities to be able to give the right support to their local community. With those reassurances, I hope that the hon. Lady feels able to withdraw her amendment.

Ms Buck: I am not entirely convinced by the Minister's responses. If the word was not included in the sentence I apologise, but I was clear about the fact that we are discussing the discretionary social fund. The point involves the discretionary social fund elements in relation to crisis loans and community care grants, which are being devolved to local government. Devolving that part of a social fund is a de facto abolition of a national scheme.

The fact that there is no ring-fencing and no statutory duty is precisely why so many specialist organisations, as well as the Social Security Advisory Committee experts that we had before us in Committee, have expressed such deep concerns. It is not just me. It is not just the Opposition making some political points. There is a deeply felt anxiety within such organisations. Many of them are the charity and voluntary organisations that we all applaud for the valuable work that they do. In many cases, they are part of a crisis intervention system, and it is precisely those organisations that are so worried about the Government's proposals. They are worried because of the absence of a statutory framework and of a safety net.

It is absolutely right—I will say a little more about this under the next amendment—that some local authorities step up to the plate, do an absolutely brilliant job and go above and beyond what is required, but some do not. In some ways, there will be an incentive for local authorities not to do that if there is no ring-fencing and no protection. They will not necessarily go out and look for levels of demand that do not necessarily present themselves through referral or through interaction with social services and so forth at the moment.

It is interesting that the Minister said that the proposal is not a cost-containment measure, as well as not being a cost-cutting measure, which I completely conceded. The impact assessment refers to the policy objectives and intended effects:

> "To transfer provision and responsibility of CLs to local authorities… with an expectation that this will reduce application levels".

We are starting from the point of view that local authorities will be required to bear down on demand. That is a difficult thing for them to do. I am not entirely convinced that local authority associations have read that as a policy objective, because it slightly contradicts what the Minister has told us.

Local authorities will inevitably have to undertake an assessment process if they are not to run the risk of some of the most vulnerable and destitute people falling through the net. That assessment process has been flagged up also in the impact assessment as being a cause for concern if it is more intensive and more face to face. It is unsustainable for the Department to do, because it costs too much money, but we are asking local authorities to do exactly what the Department says it cannot do. Some of those much vaunted desirable elements of local authorities doing the work face to face, with which I would agree, are not really feasible in the circumstances that we are presented with.

The Minister corrected a figure that was given to me in one of the briefing notes from one of the sector organisations—I will find it in a moment. I apologise if that figure is wrong. She said that there would be a 50% recovery of loans. That still prompts the fundamental question that I put to her: if 50% of the crisis loan fund is effectively being renewed with repayment along those lines, that inevitably means that a little further down the line the availability of resources for local authorities to invest in—the distinctions between the schemes will obviously disappear—will be significantly lower. That, no doubt, comes back to the stated policy objective of the impact assessment.

We are looking at something of a poisoned chalice for local government, and that places some very vulnerable people at risk. The only reasonable approach, without investing large amounts of additional money, is at least to provide a safety net so that when local authorities get their allocation of resources and start working out for themselves how they might meet the needs of those millions of annual applicants, they know that there is a fund that must be protected and used for that purpose. It may be that in a few years' time we will revisit that issue, but it seems that far too great a risk is being taken and that such a risk is certainly one of the critical concerns being flagged up by dozens of charities and

voluntary sector organisations, which have been monitoring the Bill's progress. In view of that concern and a not terribly satisfactory response from the Minister, I shall divide the Committee.

Question put, That the amendment be made.

The Committee divided: Ayes 9, Noes 14.

Division No. 9]

AYES

Buck, Ms Karen	Green, Kate
Curran, Margaret	Greenwood, Lilian
Elliott, Julie	Pearce, Teresa
Fovargue, Yvonne	Timms, rh Stephen
Gilmore, Sheila	

NOES

Baldwin, Harriett	Miller, Maria
Bebb, Guto	Newton, Sarah
Ellison, Jane	Patel, Priti
Elphicke, Charlie	Smith, Miss Chloe
Glen, John	Swales, Ian
Hollingbery, George	Uppal, Paul
McVey, Esther	Willott, Jenny

Question accordingly negatived.

9.15 pm

Ms Buck: I beg to move amendment 178, in clause 69, page 52, line 38, at end insert—

'(5A) Where amounts are reallocated to local government, in accordance with subsection (5), the Secretary of State shall put in place appropriate mechanisms to—

(a) ensure that the quality of service offered to claimants does not significantly differ across the country;

(b) ensure that the level of awards made to claimants does not significantly differ across the country; and

(c) ensure that there is a uniform national appeals process in place.'.

The Chair: With this it will be convenient to discuss amendment 179, in clause 69, page 52, line 38, at end insert—

'(5B) Where amounts are reallocated to local government, in accordance with subsection (5), the Secretary of State shall first publish local connection eligibility rules, which must provide that no person is made ineligible for support solely on the basis of where they live or how long they have lived there.'.

Ms Buck: The amendment leads seamlessly on from the debate that we have just had about ring-fencing and some of the issues that we have already touched on. The two amendments that I have tabled relate to each other quite closely.

I wholly agree with the Minister—I am sure that we would all agree—that there are cases where local authorities in rural areas would seek to provide a service differently from those in an inner-city area. For example, a Scottish local authority might see the needs of its community quite differently from East Sussex county council. However, the fact remains that, every year, we have around 3 million—I will check the figure again—applications for crisis loans and community care grant applications. Of those, a substantial minority, which is the key theme of amendment 179, are people in motion. They do not have a fixed local connection, and for them, a nationally accessible service is the safety net that prevents them from falling into destitution and homelessness. As such people do not have a settled local connection with a local authority, and in some cases, are those who are at the greatest risk, there is a real danger that a local authority-based system of assessment will lead them to a difficult position.

It is right for local authorities to look at different ways of meeting the needs of people in some aspects of their own local communities; that is understood. However, it is wrong if vulnerable people who do not have a local connection cannot access a service at all. It is also deeply worrying if two people with absolutely identical needs, which present themselves in many cases, though not all, in terms of discretionary social fund applications, as a financial crisis, are treated differently.

What we know from the discretionary social fund case analysis that was produced last year is just how many people are applying for crisis loans and, in some cases, for community care grants. Although they have clear and difficult needs, they are not necessarily in a category of person who is already involved with a local authority. My own local authority runs a scheme that is increasingly popular. It is a small localised scheme that works with highly dysfunctional families that sometimes experience many different problems across generations, such as alcohol and drug abuse, young people in prison or in trouble with the law, and educational under-achievement. The scheme is small, but works extremely well in many cases, because it is a highly focused intervention that seeks to get, as far as possible, to the bottom of problems that cause multiple difficulties and have multiple causes. Such schemes are not run by agencies that interact with thousands of people, let alone millions, and yet across local authorities, the number of applications that are being made for financial assistance in crisis runs into millions.

It may well be—particularly if, as I hope, growth resumes and the economy starts to flourish—that the level of demand that has risen since the middle of the past decade begins to flatten out. However, it is not particularly likely that that will happen unbidden, unless some other form of intervention takes place to bear down on the level of applications. Therefore, local authorities will have to act as much tougher gatekeepers than in the past for people whose presenting crisis is financial.

That leads us to ask a serious question about the extent to which it is right to have people with comparable needs in different parts of the country not having those needs met or their assessments undertaken simply because of where they happen to live. It may well be that the exact form of assistance given to them is tailored locally to meet local circumstances but, none the less, will they be able to apply to a local authority and will they be able to get a referral if they ask for one? When they make an application to a local authority, will their application be seen on its merits in a roughly comparable way, regardless of where it is they happen to be living? That is a fundamental matter of justice and is a particular advantage of having some form of national scheme.

Charlie Elphicke: If I understand amendment 179 correctly, is there not a risk that it will give rise to a whole load of forum shopping, where people go around and try to find the local authority that will be most amenable to what they are after? How do we safeguard against that?

Ms Buck: If there is no mechanism to deal with people with no local connection, that is exactly what will happen. There has to be a mechanism for dealing with local connection. This is the closest comparison and we have talked about it a lot, but the homelessness criteria for local authorities provide us with something of a template in that respect. If somebody has been ordinarily resident in Glasgow and they turn up in Camden, they will make an application there. They might have moved quite legitimately—for example, they might have been in Glasgow for only a few months because they were in a relationship and that broke down. Camden council will simply refer them back to Glasgow. However, if someone is in a particular needs category or they had been in a local authority for a period of time, the council cannot do that.

Through the homelessness legislation, there cannot be a pinball system, where an individual who is homeless can simply be endlessly referred from one local authority to another because they have no local connection whatever. That is protected against in the legislation. I am slightly leaping forward at the moment, but why not? The fact that we have no such mechanism in this system means that the very people who are possibly the bottom of the bottom in terms of their vulnerability are the people whom local authorities will have no motive to help and they will have no expectation that they will have to meet the needs of people who do not normally live in the area.

On categories of people, we talked a bit earlier about victims of domestic violence. That is a very good example because often people fleeing domestic violence will cross a local authority boundary. What will happen to that person? The Minister assures us that the matter is under consideration, but a mechanism will have to be put in place. We cannot have somebody who is fleeing Brent because of domestic violence being sent back to Brent council to make an application because that is where their local connection is. In a way, domestic violence is almost the easier example. There is a form of national structure that exists—it is unsatisfactory but, none the less, it is there—to recognise responsibilities for dealing with domestic violence. There are much larger categories of people. Homeless people are the obvious example.

Charlie Elphicke: The hon. Lady is absolutely right. I could not agree more that domestic violence is the easy case. The harder case is that of the paedophile who was dumped into Dover district recently and forced into housing. He had no local connection whatever. He was released from prison into London and he was able to elect Dover and stay in a family hotel, which has caused great concern to my constituents.

Ms Buck: The hon. Gentleman does not want him in central London because his housing benefit bill would be too high. The dilemma is—*[Interruption.]* It is a serious point. Part of the difficulty is that we are always talking about a presenting problem being the cost of housing people, or what happens when people are inflowing into a community that is too expensive or where there are challenges. We rarely complete the sentence and say where we want those people to live. At any given time, we have hundreds of thousands, possibly more, people who are in motion in the private rented sector, including people with problems, and we have to decide where they are going to go. The only sensible way to do that is to have an allocation system. We must have a system that says that, if it is not reasonable—and it may well not be—for Westminster or central London to provide a service to all the people who flow in to the middle of the city, or for the seaside towns to do so owing to the nature of their housing stock, the councils surrounding Dover must be prepared to take their share of people in that situation.

That will also be true of the discretionary social fund applications. We must ensure that individuals are not simply pinged from one place to another. We also need to ensure that some local authorities, because they are in seaside towns or inner-city communities, which are the two most vulnerable to these pressures, do not end up taking a disproportionate share of people who are highly vulnerable and present a challenge. They need to be reasonably and fairly distributed in different parts of the country.

The hon. Member for Dover was going on about a paedophile, but ex-offenders are a classic example. About 66,000 people leave prison every year; a third leave without accommodation. The Prison Reform Trust contacted me about its concerns about the discretionary social fund, and flagged up the fact that ex-prisoners have a particular need for early financial assistance to prevent debt, because that spiral of homelessness and debt for ex-offenders is strongly correlated with reoffending.

Few local authorities will actively volunteer to provide financial assistance for ex-offenders who do not have a local connection. What is the mechanism to be to assist them? Similarly, with homeless households, we have a structure in place with homelessness legislation, but not necessarily in respect of how to deal with people in financial crisis making an application to the discretionary social fund.

Those are just sharp examples of a bigger problem. In my local authority, 30% of the population changes every year: there is 30% annual turnover on population every single year. A lot of those people will not have a local connection; in fact many will not have a connection with any local authority because the private rented sector churns very quickly. A lot of people will stay for only six months or less than year. Where are the people in that situation expected to make an application? I asked that question of the Secretary of State when he gave evidence to the Committee. I asked:

"And we can protect against local authorities saying that this is not their duty with particular individuals?"

He replied:

"It is their duty."

I asked:

"Whose duty would it be?"

He replied:

"It is a moral duty." —*[Official Report, Welfare Reform Public Bill Committee, 24 March 2011; c. 164, Q319-20.]*

I approve of it being a moral duty, but I would like to know where that is written. Where is a moral duty written into legislation? How can it be tested? How can one see it? If a local authority decides that it does not have a moral duty to provide social fund assistance for a homeless household, an ex-offender or someone fleeing domestic violence, does it become the neighbouring local authorities' double moral duty to deal with all of those individuals?

Before I decide whether to press the amendment, I would like the Minister to tell us the meaning of the Secretary of State's clear commitment that local authorities have a moral duty. That seems to me to be saying that a local authority—be it Dover, Westminster or Redcar—has a moral obligation to consider and assess the application of anybody and everybody who makes an application in that local authority. Is that what the Government are saying? Because if it is, those local authorities need to consider the implications. Dover, Westminster and possibly Cornwall, with its highly mobile seasonal population, will face challenges that many other local authorities absolutely will not, and I do not think they are going to like it. I do not think that it will be good enough simply to say that there is a moral duty; it must be turned into a specific set of obligations.

9.30 pm

Ian Swales: As ever, I am enjoying the hon. Lady's knowledgeable contribution. Perhaps she or the Minister might be aware of what the mechanism for this allocation to local authorities will be. Given the fluid nature of the demand on local authorities that she is illustrating—I come from a seaside town and know the issues there—is she satisfied, or can the Minister make her so, that the allocation process for this money will reflect the different circumstances in each part of the area?

Ms Buck: That is a very good point, and one that was alluded to by Councillor Steve Reed when he gave evidence. He said that he was willing to embrace localisation of the discretionary social fund, and that

"we need access to more of the DWP data so that we can see its data on which customers are receiving and which are not."—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 134, Q262.]

At the moment we are flying blind because it seems that we do not have the information.

Councillor Reed, on behalf of the Local Government Association, did not know what information we have on the pattern of applications and patterns of acceptance and refusal in different local authority areas. Nor did he know the extent to which the pattern that arose in different geographical areas actually represented people's home addresses, and what proportion of those people had no local connection. Local authorities would be unwise to sign up to the new arrangements without those data. I gather that local authorities are working with the DWP, but it would be good to have an assurance from the Minister that that information is now available, because I think the Committee would be interested to see it. How do we know the exact geographical distribution of all these applications, so that the distribution of funding to local authorities can be robust? I look forward to hearing back on that, as it is an issue of considerable concern.

Before being led off a little into the issue of local connection, I spoke about the variability of service to people with identical needs, and it is a concern. Local authorities will have to draw up their own eligibility criteria, because we know from the impact assessment that a downward pressure on applications is expected, and they will therefore have to police their criteria. How will they do that? How will they ensure that those decisions are transparent and accountable? How can we be sure that some local authorities will not draw up criteria that will exclude people who we would all regard as highly vulnerable, particularly when they do not have a local connection?

I am also concerned about some of the proposals for an alternative to cash support that are being mooted as part of this package. I am not necessarily opposed to that in principle, but it poses several questions. I worry about the stigma attached to a stipulation that if people happen to be in a financial crisis they should only be entitled to second-hand cookers. My bigger worry, however, is the bureaucracy of it.

Are we saying that we would expect all local authorities to develop their own systems for supplying second-hand electrical goods or clothing? Or are they expected to come to some sort of deal? Given the millions of people who make an application every year, how will that match with local authority planning for different kinds of service? It is absolutely right that the flourishing charitable and voluntary sector in local communities provides a service. We should not say, however, that because there is an excellent service providing second-hand goods and services in Hertfordshire everybody who comes along only has that service, even if their financial need is not for that service at all. Or, if they are in a different local authority, we should not say that they can only access second-clothing, rather than finance. It is just not very well thought out. It sounds great rhetorically, but it does not seem very well thought through, in terms of the quality of service likely to be offered.

Critically, it is not so much about ensuring that people have a great experience of the social fund. It is about ensuring that people who are facing destitution, homelessness or some other crisis—people who are facing the difference between setting up home and not doing so—are able to set up home. As we know, there are many social and economic benefits of their being able to do that and do it swiftly, such as their being able to get a job or have a better health outcome.

I have been accused of not having a great deal of faith in local authorities, which is not a fair accusation. I was a local councillor for seven years, which I regard as a fantastic experience. Local councillors are on the front line and provide superb and locally tailored services, but I still do not think that it is necessarily the recipe for a satisfactory national service.

Local authorities provide patchy outcomes, partly because they are so different. People would not expect Northumberland county council to develop a framework dealing with the same challenges as a council in the south of England. When it comes to their share, which is potentially tens of thousands of people applying for crisis assistance, it is not going to help very much. Sir Richard Tilt made that point in his evidence:

"I do not have a lack of trust in local authorities. Many of them do very well, but my experience is that you get a very patchy service. Some local authorities provide a good service, but others do not."—[*Official Report, Welfare Reform Public Bill Committee,* 24 March 2011; c. 85, Q141.]

He drew on the example of disability grants to make that point. There are many such examples. The availability of school uniform grants is another. Some local authorities go that extra mile and some do not, which risks a degree of shopping around by people if there are no clear laws and allocations.

[Ms Buck]

Sir Richard and Professor Kempson both made it clear that we should be turning some of the powers into duties, creating clear guidance on the eligibility criteria and ensuring that we have the data—in my view, we should have had the data to inform the Committee's decisions, rather than having them afterwards—to know what is going on in different local communities. We would then be able to make it clear that local variation is one thing, but an unacceptable level of postcode lottery is another.

My final point, which my hon. Friend the Member for Stretford and Urmston briefly touched on, is on appeals and the absence of a proper appeals structure. I do not think that will be sustainable in the longer term. It is inevitable that there will be sufficient challenges to local authorities to make it essential that they set up an appeals structure. If they do so, setting up hundreds of different appeals structures in different parts of the country will mean another level of bureaucracy and cost.

Harriett Baldwin: I am fascinated by the problem that the hon. Lady is describing, but how would she deal with a situation in which an individual applies in Glasgow and Camden simultaneously? How would a localised system pick that up?

Ms Buck: That makes the point about the need for some sort of national service, rather than a localised service. Perhaps the hon. Lady should put that question to the Minister. It is potentially a problem. I do not suppose that it will be a vast problem, but I am sure there will be instances in which people do that. It is extremely hard in today's highly mobile world, particularly given that, by definition, a number of people in this category will be sofa surfers without fixed abodes; it will require a degree of investigation by the 353 local authorities, rather than one single administration.

The absence of an appeals system is a serious flaw. It has been identified as a serious flaw by the sector. I do not think it will be sustainable, and setting up all of those duplicated local appeals structures will not be terribly desirable given the amount of money and bureaucracy.

For all those reasons, the potential advantages of localism, to which I still cleave, are none the less heavily undermined by a lack of rigour and thought into how it will work. As is so often the case, it will be a good idea not thought through and will end up costing more, being more bureaucratic and, potentially, leaving some vulnerable people with no protection whatever. For that reason, I commend the two amendments to the Committee in the hope that we can put a robust safeguard into the proposed system.

Maria Miller: It is important to start my response to the hon. Lady's contribution by reminding her gently that for those who face destitution, payments on account will replace the crisis loan system and, eventually, budgeting loans. Again, I would hate for any Committee member to feel that no national support will be in place, because clearly it will. What we are discussing is the discretionary part of the social fund. It is important to keep things in perspective. After the hon. Lady has made her intervention, I will explain a little further.

Ms Buck: I am clear that we are talking about the discretionary social fund system; the Minister need have no worries on that score. However, I am concerned that the assurances that she is giving the Committee have failed to percolate through to the many voluntary and charitable organisations that have been briefing all Committee members on their serious concerns about the social fund. Why does she think that Barnardo's, Oxfam, Save the Children, Crisis, Gingerbread and the Child Poverty Action Group all share that anxiety?

Maria Miller: I hope that after reading today's debate, where the policy is set out a little more clearly, they will understand how the change fits in with the regulated part of the social fund. Some of the coverage that inadvertently suggested the abolition of the social fund might have created problems.

I move to some of the other issues raised by the hon. Lady before going into the detail of her amendment. She talked about local authorities' moral obligation. Local authorities indeed have a moral obligation to ensure that they structure their services so as to meet the needs of their residents, but they also have a legal obligation to act reasonably and fairly. Having been a councillor, she will be well aware of that, and local authorities will consider that legal responsibility when deciding how to take the opportunity afforded them by the Bill.

The amendments seek to standardise the delivery of services and appeals across the country in a way that lacks a grasp of where the Government are coming from and the essence of what we are trying to do in the Bill. We are trying to reflect the individual needs of local communities, not simply replicate the current system's one-size-fits-all approach. We must ensure that the many issues raised by the hon. Lady are addressed, but that fundamental difference in starting point is important to acknowledge. Delivery of the new assistance will be the responsibility of local authorities in England and devolved authorities in Scotland and Wales, and the Government's overall decentralisation agenda will promote the devolution of power to create greater financial autonomy in local government. It is incredibly consistent with the overall principles followed by the Government.

9.45 pm

In England, delivery of assistance locally will mean that decisions are made locally, in the most appropriate way for the area. That will naturally lead to differences. If it did not, I would be most surprised, because there are different pressures and different needs in each area of the country that we represent. That, however, implies a more tailored service that responds better to the specific needs of a community. I hope that the hon. Lady will understand that and embrace it as the starting point for this piece of legislation.

Local delivery means that local service providers will have the flexibility to design and deliver new assistance in a way that best fits local circumstances. I understand the hon. Lady's point about falling through the gaps in the net, as well as the pinball analogy. We recognise that determining eligibility is one of the range of issues that local authorities will have to consider when designing their new assistance. As a result of the responses we have received to the call for evidence on these changes, we are actively considering a range of ways that we

could offer support to local authorities during transition to the new assistance. It will be the responsibility of local authorities in England to ensure that decisions are fair and impartial, as well as deciding on appropriate arrangements on reconsideration or review; that was another issue that the hon. Lady brought up.

Currently, as the hon. Lady is clearly aware, the discretionary social fund is not subject to an appeals process. Because it is discretionary, internal reviews of decisions can be made, and there is an independent review service. Decisions made on whether to award somebody a crisis loan, a budgeting loan or a community care grant cannot be appealed in court. Although we agree that there needs to be a way for decisions to be fair and impartial, which local authorities will look at, she needs to take account of what goes on currently, because it is not fair and impartial in the way that other parts of the benefits system are.

Ian Swales: I apologise if the Minister is about to come to this point, but will she say something about the extent to which the different needs of each area will be reflected in the budget that local authorities have to play with? Alternatively, and to me a much less acceptable answer, will it be more the case that there will be a fairly even spreading of the budget, so areas with the most need will end up with the most problems?

Maria Miller: The hon. Gentleman is right. I have a note to go through that issue, because he raised it earlier in the debate. He is right that the allocation of the funding will be an important part of getting the measure right. It will be based on social fund spending in local authorities, and in Scotland and Wales. We will be publishing local authority level data as part of the response to the call for evidence. That will happen shortly and the data will be updated frequently during the transitional period. That will allow funding to go to high pressure areas, as the hon. Member for Westminster North was calling for. It is important that we reflect the real need among local communities and we have been looking closely at that. I hope that the information that we are publishing will reassure the hon. Gentleman that the money will go where it is needed most.

In her speech, the hon. Member for Westminster North raised a number of issues about goods and services. It is fair to say that we would expect local authorities to contract with organisations that already provide the sort of services on which so much of the money is currently used, whether it is on reused goods or to expand the services that are on offer. Those who work in those organisations on the ground have told us that that is a much better way of providing support.

Indeed, there are some good examples of how the system is working already. For example, there is the work of Age UK in Camden, which has an incredibly successful project, ordering goods from Argos for local people in need. I urge the hon. Lady to look at some of the examples where things are working well on the ground. The proposal also has the potential to support some of our recycling obligations under the waste electrical and electronic equipment directive, which is another benefit that we cannot dismiss out of hand.

The hon. Lady was concerned about the level of applications that might be received. She talked about millions of applications, but I assure her that we do not feel that that will be the case. There will be significant variations across the country, for the reasons pointed out by the hon. Member for Redcar, and it will be necessary to reflect the different levels of need. We will shortly be publishing levels of demand and spend by local authorities on community care grants and crisis loans as part of our summary response document to the call for evidence. The most recent data, from 2009-10, show that the highest levels of demand for a crisis loan in the life of the social fund were realised; there were about 1.8 million applications for living expenses, and 1.3 million awards elsewhere. It is important to realise that there will be demand, but the applications will not be on the scale feared by the hon. Lady; they will be at a rather more manageable level.

The hon. Lady raised an important point about the movement of individuals between local authorities, which I was going to talk about before the intervention, and asked how we will determine eligibility and ensure that people do not fall through the net. That is one of a range of issues that local authorities will have to consider. As a result of the responses received to the call for evidence on the changes, we are actively considering a range of ways to offer support to local authorities during the transition to the new assistance.

Nothing will stop local authorities such as that of the hon. Lady in Westminster, and particularly in London and other high population areas, working together to provide assistance. They will be best placed to determine the criteria, and funding will be allocated to reflect the need in areas. Many local authority areas may decide to come together, so perhaps some of the smaller scale demands that the hon. Lady mentioned in her earlier contributions will be met. The real richness of the needs of local communities can be realised, but it will be down to local authorities to ensure that they get it right. It will be the responsibility of the devolved Administrations in Scotland and Wales to do that as well.

I hope that starts to set out for the hon. Lady some of the work that has already been done, and some of the work that we are yet to do to ensure that the sorts of issues she has raised in the debate are addressed in a way that gives her confidence in our progress. I ask her to recognise and realise that the Government's commitment to localism is real and strong, and is one of the main planks of our agreement with our coalition partners. This area is ripe for localism to be an effective way of ensuring that more people get the support that can make a real difference to their lives. I urge the hon. Lady to withdraw the amendment and support the Government's approach.

Ms Buck: I am slightly reassured by the Minister. Some thinking has clearly gone into the legislation, particularly the mechanisms that will be available to deal with people who do not have a local connection. I do not intend to press the amendment to a vote.

The lack of specificity will need to be redressed before the devolution of the grants, because it will not be good enough to say that local authorities will, whether alone or in partnership with neighbouring authorities, willingly accept applications from people for whom they do not have a connection. The Secretary of State's moral obligation notwithstanding, there is no question about it: with a budget that is not ring-fenced—we have still not had a clear indication from the Minister of its

[Ms Buck]

scale—and given what we heard about the reduced level of funding from recovered grants, local authorities will simply not want to take applications from people without a local connection. I cannot see any way round that other than a clear national mechanism to deal with those people. They will not necessarily come from a neighbouring borough; they will come from all over the country, as the hon. Member for Dover will know from the way people flow in and out of constituencies such as his. His local authority and many others will undoubtedly need some means of determining whom they are obliged to deal with from a budget that will not be sufficient to meet needs.

Charlie Elphicke: It seems to me that most local authorities—all local authorities—will apply common sense when determining whether a person is a resident. The local authority will be able to work that out rapidly, and also whether the person is in need of help. Underlying this whole debate is the fact that although the Opposition talk of their desire for localism, the truth is that they still believe in centralised, one-size-fits-all, command and control big Government.

Ms Buck: What I want is localism that works. I do not believe in simply devolving responsibility to local government—*[Interruption.]*

The Chair: Order.

Ms Buck: Funnily enough, that is also what local authorities tend to want. They wake up to their new responsibilities and say, "We haven't been given the funding or powers to implement them." I confidently expect that to happen.

The hon. Member for Dover made my point for me. Local authorities will make a decision on whether someone has a local connection. That is exactly the point. Five hundred discretionary fund cases were analysed by the Department last year and 20% of them involved people who were homeless. A substantial minority—the figure quoted is 20%, and sometimes up to 40%—will have no connection with anywhere, so what will happen to them? They will not disappear; they will present as a problem somewhere, and something must be done to ensure that they are not destitute and homeless. It would not be in their interest or the community's interest if no mechanism existed.

The hon. Gentleman proved my point exactly. The local authority's first instinct, understandably, will be to ask "Are these people my people?". If they are, it will help them, and if they are not it will say, "They are not my responsibility." If every local authority says that, which they will once one or two start, we will end up with many vulnerable people being like pinballs in a machine. That is unacceptable.

Charlie Elphicke: The hon. Lady has painted a picture, but I am not sure that it is the right picture. The reality is that in practice a homeless person will present to a local authority, which will have to provide temporary accommodation, and from that point on it is common sense that the discretionary social fund will surely flow.

Ms Buck: It is not necessarily the case that the local authority will have to provide temporary accommodation. If someone does not fall into a priority needs category, the local authority does not have to help them, and may send them away without providing temporary accommodation. A local authority must only place people in temporary accommodation to review their homeless status if they fall into a priority group, and many of them will not because they may not have dependent children and so on. I am not sure that that safeguard applies. Even when it does apply, a local authority may make a decision to house someone pending a review, but if they do not have a local connection, it will simply discharge its duty, and understandably so. That is why there has to be some form of national safety net.

The Minister has again inclined to the view that I failed to understand properly what the Government are proposing. I hope that it is not the case; I believe it is not. I say again to the Minister that it is worrying that although her Department is no doubt in constant contact with the many excellent and expert organisations that operate in this field, those organisations wrote a letter to the Minister with responsibility for pensions, the hon. Member for Thornbury and Yate (Steve Webb), only 10 or 15 days ago, expressing their deep concerns about the DWP proposals to abolish part of the social fund. They highlighted the huge need for those payments. There were 3.65 million applications for crisis loans and 640,000 applications for the community care grant in 2009-10. The organisations expressed deep concern about the lack of analysis by the DWP of the needs and circumstances of people who rely on those grants and loans, the lack of detail about how the proposals will work and the decision to move administration to local authorities at a time when their budgets are being cut.

10 pm

If I have failed to understand to the full all the virtues of this localisation, I am in very good company. The Minister would do well to respond to that point and ensure that those organisations, many of which are partners in delivery, have some clear sense of how the Government intend to operate their scheme.

Maria Miller: I just want to reassure the hon. Lady that my hon. Friend the Minister with responsibility for pensions is dealing with that issue, as she would expect. We will ensure that those organisations are well informed and closely involved in the policies that we devolve.

Ms Buck: That prompts the question why we on the Committee cannot be well informed. Nevertheless, we look forward to having that data, although I cannot remember whether the Minister said she would share with us the data that will be available on the local authority analysis of grants and loans, so that we can be involved in that discussion as we develop regulations.

I am not particularly satisfied with the Government's response on many of these issues, but I will not press this amendment to a vote.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Kate Green: I beg to move amendment 181, in clause 69, page 53, line 4, at end insert—

'(7A) The repeal of section 138(1)(b) of the Social Security Contributions and Benefits Act 1992 is without prejudice to the Secretary of State's duty in section [Citizen financial safety protection payment fund] to prevent the financial destitution of those who apply for public assistance.'.

The Chair: With this, it will be convenient to discuss new clause 5—*Citizen financial safety protection payment fund*—

'(1) The Government shall make provision for a fund to support the provision of citizen financial safety protection payments to prevent immediate personal destitution and to be administered through the offices of the Department for Work and Pensions. These payments will enable financial support to be given within thirty days to applicants in the following circumstances—

(a) to ease exceptional circumstances for individuals and families which may lead to homelessness or household financial insolvency,

(b) to support pensioners in receipt of financial assistance from public authorities, young people who are about to leave care or recent care leavers, and those with children under the age of 16, to manage personal transitions in lifestyle,

(c) to meet other needs in accordance with directions given or guidance issued by the Secretary of State.

(2) Guidance will be laid before parliament to determine who would be able to apply for a citizen financial safety protection payment and the circumstances under which it can be claimed and funded. This guidance will take in the following factors—

(a) the ability of the applicant to prevent destitution for them or their dependants without access to such funds,

(b) ease of access to alternative affordable sources of credit for the applicant within the locality,

(c) the length of time taken by local administering authorities to process claims for alternative means of support, and

(d) measures for adjudication of claims made by the Department for Work and Pensions against local administering authorities for the total cost of provision of citizen financial safety protection payments in the absence of provision of appropriate support by such authorities.

(3) The power to make a payment out of the citizen protection fund such as is mentioned in subsection (1) above may be exercised by making a payment to a third party with a view to the third party providing, or arranging for the provision of, goods or services for the applicant.

(4) In this section "prescribed" means specified in or determined in accordance with regulation.'.

Kate Green: As I have listened to the debate this evening, I have come to understand how very difficult it will be for vulnerable people to understand, first, where they might go for emergency financial help and, secondly, the interplay between budgeting loans—the element of the discretionary social fund that will remain a national responsibility, albeit renamed "payments on account"—crisis loans and community care grants, which will now be localised, as well as the element of the discretionary social fund for which there seems to be no particular guidance or understanding that is likely to be easily available to people who in times of crisis may not be aware of what they can access and how to find it.

What bothers me about that is what people will do in those situations, because they will be desperate, they might not know where to turn and they might not be able to find people who can advise them where to turn. We know that in those situations people seek to borrow the money to get by. The place that they will go to borrow the money, if they are unable to access it or do not even realise that they can access it from legitimate statutory authorities, albeit that those authorities may be national or local depending on what the appropriate route is for them given their particular situation, will be the easy-access loan sharks and illegitimate lenders—the doorstep credit suppliers—who, in many cases, will put such people into further financial need.

Frankly, I have listened with dismay to the debate this evening, because it seems to me that the potential for confusion and for people to be unable to find the financial support that they need in times of crisis is being exacerbated by the complicated way in which Ministers are seeking to localise some aspects, but not others, of the current discretionary social fund.

My first plea would be for us to take a step back from all of this confusion that I think will prevail, particularly as we have only just completed a consultation process and we have not yet had a chance to consider the outcome of that process.

However, if we are going ahead with the system that Ministers are proposing, we need to be sure that people are not forced into the arms of the loan sharks because they simply cannot work out where else they could possibly go. That is why amendment 181 and new clause 5 propose that a backstop lender of last resort is appointed to protect people in such situations, and that function would be best fulfilled by central Government. It is not the same as payments on account, which are about people trying to spread over time the cost of lumpy items, perhaps, which are difficult to fund from their regular benefit payments. This is about people in crisis, who urgently need access to money, because they have faced an emergency or a difficult domestic situation. As I understand it, they will never be expected to access that kind of support through payments on account. What they would be doing in the new world, it would seem, is going to the local authority, saying, "I'm in a high degree of need", and the local authority would then decide how best to respond. That might be through financial assistance, or it might not.

10.5 pm

Sitting suspended for a Division in the House.

10.21 pm

On resuming—

Kate Green: I am sure the Committee will be grateful if I summarise the point of the amendment briefly and move on to further discussion.

Essentially, in emergencies, we will have limited access to funds, which in future will be managed and disbursed by local authorities, at their discretion. It is possible that some will choose not to make any financial support available to people in crisis at all because, locally, they feel it more appropriate to provide such support in kind through further investment in public services and so on. That is the logical consequence of the decision to localise in the way proposed by the Government.

As my hon. Friend the Member for Westminster North said, it is not that we are in principle opposed to good-quality localising of decisions, but we must accept

[Kate Green]

the logical consequence of where the Government are going with their proposals: people will be unable to access some of the sources of emergency financial support that they can currently access, in particular, through the crisis loan and the community care element of the discretionary social fund. Some people might, therefore, have to borrow the money or to raise it elsewhere, which is likely to be from the high-cost lenders, the loan sharks and the doorstep and others accessible lenders to whom we know people turn to in times of financial crisis.

The amendment and new clause 5 seek to put in place a means of protecting people from high-cost credit providers by setting up what we have entitled a citizen financial safety protection payment fund—it is not catchy, I apologise—putting in place a public lending facility of last resort. That would ensure that people were not forced to turn to high-cost lenders in times of crisis. Emergency loan facilities, which would be available and accessible from the state, would provide that lending safety net.

We do not see that as creating cost for the Government because obviously, as a loan fund, people would be repaying it. If they did not, we suggest that the Government recover the money from local authorities, which should be putting in place better solutions so that people are not forced to rely on the emergency payment protection fund. It is important to have proper mechanisms in place so that people avoid falling into the worrying situation of incurring particularly high-cost credit commitments in an emergency, which will increase their stress levels, their susceptibility to mental illness and the cost to the economy.

The amendment seeks to put a modest backstop in place for people in times of desperation, so that they know that they have somewhere to turn for immediate financial support. We naturally hope that such a fund would not need to be much drawn on, because local authorities would provide people in crisis at the moment of need with suitable financial support or, as the Minister might suggest, in some cases with in-kind support, to enable them to weather their particular crisis. It seems to us important that the Government's proposals are not seen as increasing the susceptibility of vulnerable people to illegitimate and high-cost lenders, who will simply exacerbate their financial, emotional and personal difficulties. I propose my amendment in that spirit.

Maria Miller: I thank the hon. Lady for outlining the intentions behind her amendment and new clause. New clause 5 would provide for a new fund called the citizen financial safety protection payment fund. As I understand it from the amendment, the fund would be delivered by the DWP and would essentially create a new social fund. The new clause would require the Secretary of State to establish the fund to prevent the financial destitution of those who apply for public assistance. Amendment 181 would ensure that the ending of the discretionary social fund did not affect that duty.

As we have all set out, the discretionary social fund is in much need of overhaul. Indeed, we go as far as to say that it is out of date and no longer fits with the modern welfare delivery in existence in this country. It is overly expensive to administer, inefficient, poorly targeted and often does not reach those who need it most. In addition, there is limited scope for the sort of wrap-around provision of non-financial support services that might best address the complex personal issues faced by many individuals who come forward for support. We are therefore taking the action, in the first major reform in this area for more than 20 years, of replacing the most discretionary aspects with provision that will be better targeted to local needs and will ensure that support is given to the most vulnerable. Local authorities and the Scottish and Welsh Governments will be responsible for deciding on that, as we have already discussed this evening.

National provision will be retained, which is a point that, at the risk of labouring it too much, I will labour again in referring to payments on account. In setting out the intentions of her amendment and new clause, the hon. Lady talked about individuals who would still have to have access to payments, because they are in great financial crisis. I simply point out to her that about half the crisis loans last year—in 2009-10—were alignment payments. They will not be replaced with local provision; they will continue and will become payments on account of benefits.

Local authorities also have the ability to offer crisis grants, should they decide to do so, but it is important for the Committee to realise that there will be extensive provision for the sorts of payments that the hon. Lady is trying to ensure will still be available for some of those whom she terms the most vulnerable people. They might otherwise be at risk of having to resort to high-cost lenders, and I have to say that I share her concerns. I have concerns and worries about individuals having to resort to high-cost credit, and I continue to worry about the apparent availability of high-cost credit to a wide range of people.

10.30 pm

It is important to realise, however, that the available evidence shows that budgeting loans are a significant alternative to high-cost lending. As I have said—the hon. Member for Westminster North will fear that I am repeating myself—those loans are still in place. Such financial support can make a real difference to the sorts of families whom the hon. Ladies have referred to, who are finding it difficult to make ends meet. Financial support from local authorities for the most vulnerable is likely to be made available in the form of grants or the provision of goods. That will complement the national availability of budgeting loans to ensure that the sort of situation that the hon. Member for Stretford and Urmston has referred to would not arise.

Local provision will be augmented. My real concern with new clause 5 is that the hon. Lady appears to be replicating the existing system; I understand her rationale for doing so, although I do not agree with it. I challenge the Opposition to explain how they would fund it, because they do not seem to be looking at trying to reduce expenditure in other areas, so this proposal would be an additional expenditure. We need to understand where the funding would come from and what other elements of the Opposition's plans would be amended to take that into account.

I believe that that covers most of the questions that the hon. Lady has raised. I remind the Committee that we have had to make substantial changes to the way in

which crisis loans are run in this country, because of the problems that we inherited from the previous Administration. I draw the Committee's attention to the statement that the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb) made to that effect on 3 March.

We have already had to make important changes that will mean that we will no longer be able to give crisis loans for items such as cookers and beds. Residual support will be paid to people following disasters such as flooding, but we have had to reduce the rate paid for living expenses from 75% to 60% of the benefit rate in order to align with the position for jobseeker's allowance cases that are paid at the hardship rate. We have also implemented a cap of three crisis loan awards for general living expenses in a 12-month period.

Without those measures, budgeting loans would be in severe financial straits. Those sorts of changes, which we have already established, are starting to regain some control over the expenditure. That is an important part of the measures that we are advancing. We will replace crisis loans with local provision to ensure that we have sufficient funding to meet demand at the point of transition. It is important to realise, however, that we have already taken steps to reduce the demand, so that we will not be passing over to local authorities out-of-control levels of demand that we have inherited. The Committee needs to be aware of that.

We do not feel that the creation of an entirely new fund, as detailed in new clause 5, is warranted. With that clarification and that reassurance, I hope that the hon. Lady will feel able to withdraw the amendment, and that she is reassured that the support will be there for the people about whom she is most concerned.

Kate Green: I certainly note the Minister's final statement that the support will be there for the people who need it, and I hope that that will come to fruition. Two concerns have emerged as the debate has proceeded this evening, not only on the amendments but on clause 69 as a whole. First, we have lost sight of the absolutely desperate and dire circumstances in which people find themselves when they come to access the social fund. Applying for social fund support is not a nice experience at the moment. The pervasive attitude that people are running away with a set of loans for expenditure that they do not really need to meet does a huge disservice to the reason why people have been accessing the social fund and the very desperate circumstances in which they find themselves. It worries me greatly that we have a set of proposals that will leave very desperate people turning to high-cost lenders, because it is the simplest, quickest and, as far as they can see, the only way in which they can meet emergency financial need. I say that because of the second thing that has been concerning me as the debate has proceeded this evening, which is that one of the advantages that was proclaimed for the Government's welfare reforms was that the system was going to be simplified. I have lost sight of the simplification in relation to the proposals on replacing elements of the discretionary social fund.

My hon. Friend the Member for Westminster North alluded to the puzzlement of the expert bodies—I would not call it confusion—as to what the Government were trying to achieve. If that confused puzzlement exists among those bodies, it is all the more likely that we will see considerable confusion and uncertainty about entitlement and opportunity to access support and where to go for it from people who are in dire need. We are likely to see an increased reliance on high-cost lending as a means for people to get out of desperate circumstances in a landscape where, as the Minister herself acknowledged, funding to provide financial support is being reduced and where it may be less clear to claimants in future where to go to get support.

The proposal would not cost the Government money, because it would be a loan facility that would be repaid. Even if it were not all repaid—I accept the risk of default—the proposal envisages that local authorities would have to reimburse the Government from the devolved funding any unpaid lending that central Government had incurred. It would be a failure on their part to provide for the emergencies—the Minister suggested that the power being devolved to them is to enable them to undertake that—that would cause the need to draw on a central fund.

Maria Miller: I thank the hon. Lady for clarifying the intention in her amendment, but can she clarify who would be paying for the administration of that loan? If it were central Government, where would the money come from? If it is local government, presumably money would be taken away from front-line support for residents and constituents.

Kate Green: The Minister is right that to make it cost-neutral for central Government, naturally it would have to be recovered from the funding that is being provided to local government to meet emergency needs. That would surely act as an incentive to local authorities to meet the emergency needs well. We certainly seem to have a lack of incentive built into the proposals at the moment, and more an expectation that local authorities will always do this well. As my hon. Friend the Member for Westminster North pointed out earlier, witnesses have made it clear that some local authorities will do it well and some will not. In a sense, it would be an opportunity to build in an incentive system to encourage local authorities to meet needs adequately at a local level so that there was no call on central funds.

However, I accept that in proposing the amendment the concern is much more to expose the risks of high-cost lending. I invite Ministers to ensure that the playing out of their proposals does not lead to putting vulnerable people in a position where they are more likely to turn to such creditors and increase the levels of debt that they incur, with the stress that goes with that when the loans are simply unaffordable and people struggle to repay them. I do not intend to press the amendment to a Division, but it is part and parcel of our general concerns about what may happen in practice, whatever the Government's intentions. I suspect that this is an issue that my hon. Friend the Member for Walthamstow (Stella Creasy) may want to return to on Report. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 69 ordered to stand part of the Bill.

Schedule 8 agreed to.

Clauses 70 and 71 ordered to stand part of the Bill.

Clause 72

EXTERNAL PROVIDER SOCIAL LOANS AND COMMUNITY CARE GRANTS

Kate Green: I beg to move amendment 180, in clause 72, page 53, line 34, at end add—

'(2) Regulations shall make provision for the payment of a Sure Start Maternity Grant of £500 for each first born baby and in the case of subsequent multiple births, a single payment will be made of £500 for twins, £1,000 for triplets and £1,500 for higher multiples.'.

The Chair: With this it will be convenient to discuss new clause 4—*Sure Start Maternity Grant for Multiples*

'Regulations shall make provision for the payment of a Sure Start Maternity Grant of £500 for each first born baby and in the case of subsequent multiple births, a single payment will be made of £500 for twins, £1,000 for triplets and £1,500 for higher multiples.'.

Kate Green: Amendment 180 and new clause 4 relate to the Sure Start maternity grant payments. Of course, they are part of the non-discretionary social fund. I note from the helpful paper provided by the Department that that will continue to be administered nationally, as it is now, and that universal credit will be the qualifying benefit for access to that support. However, we also know that it is the Minister's intention that the Sure Start maternity grant will, in future, be payable only to the first born in a family. The amendment seeks to make a change in a specific and relatively unusual set of circumstances, which is where second and subsequent births in a family are multiple births.

We are concerned about families in which multiple births take place. Although their incidence of poverty is much the same as for families in non-multiple-birth households, there are a couple of characteristics of those families that we think will potentially be affected by some of the Government's other welfare reform proposals and may make their risks greater. For example, the cap on benefits—both the housing benefit cap and the overall benefits cap—will hit, inevitably, larger families more harshly, and therefore, by definition, are more likely to affect a greater proportion of multiple-birth households than other households.

It is also important to note that many of the families with multiple births in the household tend to be working families. We are concerned to ensure that those families can continue to have at least one parent in paid employment and remain out of poverty—I know that that is the Government's intention in the design of universal credit.

It seems that it has been accepted that if the first births in a family are multiple births, there will be a recognition that the Sure Start maternity grant will cover each of the new children in the family. There will be payments not just for the very first of the first born group of children, but extra money will be available for twins and triplets, for example, who are born as a result of the first pregnancy in a family. I would be grateful if the Minister would confirm that my understanding is correct. Extra expenses are incurred when more children arrive all at once in a household. A family will need more than one cot and more than one buggy, and naturally the need to spend money on equipment is multiplied. It is good that when the first children arrive in a family, the system recognises that.

The same problem arises if a second or subsequent pregnancy leads to a multiple birth. It can be said that the Sure Start maternity grant is paid for only the first child because it enables the family to invest in equipment that can be passed down to second and subsequent children, but if a second or subsequent birth is a multiple one, there will not be enough equipment to pass down and the family will need additional financial support to meet the higher cost. The amendment and new clause 4 seek to ensure that extra financial support can be provided for that group of relatively rare families, by extending the Sure Start maternity grant to subsequent multiple births.

10.45 pm

Figures for the past year show that about 20% of the 11,000 multiple-birth families are in poverty, and that 2,200 of them might have been eligible for the Sure Start maternity grant. In April 2011, it was calculated that 990—45%—of those families were expecting their first children and would therefore continue to be able to access the grant, but that 55%, which is 1,210 families, already had children and would therefore not be eligible for the grant for their second and subsequent children. Only a small group of families is set to miss out under the new rules, and a minor change could significantly help them.

The amendment and new clause 4 propose that, in the case of multiple births from a first pregnancy, families receive £500 per baby, but that if there are other children under the age of 16 in the family, there would be a single payment of £500 for twins, £1,000 for triplets and £1,500 for larger multiple births. It would obviously be important that a health professional confirmed that the number of children expected was delivered, and the systems exist to do that. Government Members will naturally be concerned about the cost of such a measure. If we were to allow another 1,210 families to be entitled to the grant, the cost would be between £500,000 and £1 million. I think that all hon. Members could agree that, in the context of social security spending, that is a small and affordable sum, which would not significantly increase the administrative burden on Jobcentre Plus, creating just an additional 23 applications a week for multiple births, bringing the total to 42.

There are consequences to not introducing the change proposed in the amendment and in new clause 4. Parents who received the Sure Start maternity grant have said that they spend the grant on double pushchairs, the cost of which is about £200, car seats at around £50, baby clothes, bottles, milk, nappies, cots and mattresses, at £200. The millennium cohort study suggested that 30% of multiple-birth parents do not have savings before the birth, so if they cannot afford to buy that sort of equipment they are less likely to be able, for example, to get out of the house.

Some 20% of multiple-birth mothers suffer from post-natal depression, compared with 10% of mothers with single births. The commonest factors in post-natal depression are tiredness and isolation, which are likely to be exacerbated if parents cannot afford the equipment they need to get out of the house. If families cannot afford an additional cot, there is the danger, once the babies have outgrown sharing a cot, of parents being forced to have one of them in their own bed, which is a significant contributory factor in cot death, especially if parents are tired, exacerbating the already higher risk

faced by multiple-birth children of early death due to prematurity and low birth weight. Finally, the costs of meeting the additional needs of subsequent multiple-birth children will, if not provided for by extra Sure Start maternity grant money, have to be met by the family out of the resources for their existing children. That suggests that the multiples themselves are more likely to be materially deprived than other children. Logically, their siblings are also likely to suffer as a result of that relative poverty.

I am indebted to the Twins and Multiple Births Association for much of the data that support my arguments. I know that it has had the opportunity to discuss its concerns about the impact of the Government's provisions on subsequent multiples with the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb). It explained its proposals for addressing that situation and I understand that the Minister was interested, sympathetic to what it had to say, and impressed by the modesty of the cost involved. I very much hope that the Minister in Committee this evening can offer reassurance that consideration will be given to extending the Sure Start maternity grant beyond the first born for subsequent multiple births. I look forward to hearing her comments.

Maria Miller: I thank the hon. Lady for raising the matter and I have a great deal of sympathy with the points that she has made. She has said that such groups of families are rare, but it does not feel like that to me. My agent's wife recently gave birth to triplets, all of whom are doing extremely well. They were his second, third and fourth daughters, which is wonderful. My twin brothers are the third and fourth members of our family. Although the hon. Lady asserts that such family groups are rare, the issue is very real to me, and I understand the points that she has made.

Amendment 180 seeks to extend the payment of Sure Start maternity grants to cases where a subsequent birth is a multiple birth. The restriction of such grants to the first child was, as the hon. Lady will know, a deficit-reduction measure that was announced in the emergency Budget last June, shortly after the general election. It has been in force since the beginning of April of this year. As she knows, there has been a great deal of parliamentary debate on the measure, so I do not intend to repeat our arguments for the policy in the Bill. However, including so much detail, as in her proposal, in primary legislation is not appropriate, because primary legislation would be needed to change it. For that reason, we find it difficult to accept the amendment.

The Government recognise that a multiple birth can be an extremely expensive time in people's lives, as is any birth, as all parents know. It is important that the change to Sure Start maternity grant eligibility does not force families to use high-cost lenders, which the hon. Lady discussed extensively in the debate on the previous group of amendments. We do not want that to happen to facilitate the purchase of important items related to the babies' early weeks and months. That is why we have decided to extend the scope of budgeting loans, under clause 70, to allow for maternity expenses in a way that did not happen before. I hope that the hon. Lady agrees that extending the scope of budgeting loans to include maternity expenses will be a tangible method of providing some of the support, which she has rightly discussed, in those important early months.

I understand the hon. Lady's point about families who experience multiple births in their second or subsequent births. There will be extra costs, and having the ability to look to budgeting loans to provide some way of smoothing those costs really tries to address the point that she has raised. She will obviously also be aware of the many other ways in which we are trying to ensure that much-needed additional support for early years is extended to families, such as through the work of my hon. Friends in the Department for Education. The Department of Health is providing support for health visitors. There is also the commitment to extend nursery care to disadvantaged two-year-olds. Those measures show the Government's credentials and real commitment towards early years. That, coupled with the changes that I discussed under clause 70, will mean tangible support for the sorts of families that she is talking about.

Julie Elliott (Sunderland Central) (Lab): I am interested to know whether the arrangements that the Minister was discussing under clause 70 will be equivalent to or more than what a grant would be. I am probably one of the few people here with experience of this, because my third pregnancy was a multiple birth, and I can assure the Committee that the cost does not just double; it probably quadruples, because equipment and things have to be provided that would not be needed for another single baby, such as play pens. I wonder whether the amount of money available in clause 70 to families that have limited incomes will cover the actual cost, because it is real, not imaginary.

Maria Miller: I thank the hon. Lady for her intervention and for sharing her personal experience with us. I am sure that what she mentioned is as much about how one contains the children as about anything else. It must be a daunting prospect. It is certainly our intention to ensure that the changes in clause 70 will give the real support that families need and on the right scale. It is difficult to examine the details at the moment. It is something we would need to look at further as we introduce more policy details, but we can bear her comments in mind as we move forward.

Through my response to the comments of the hon. Members for Sunderland Central and for Stretford and Urmston, I hope that I can urge the hon. Lady to withdraw the amendment and be safe in the knowledge that this is a shared concern across the Committee.

Kate Green: First, I must withdraw my earlier suggestion that we were discussing a rare situation. The Minister, the Minister's agent and my hon. Friend the Member for Sunderland Central, in a sample of about 25 people in this room, have all been able to come up straight away with examples of exactly this situation. *[Interruption.]* It appears that the hon. Member for Dover can offer a further example, and there are other offers all around the room. It is becoming something of a bidding war, and it is quite clear that my opening premise was perhaps a little ill founded.

I welcome the Minister's recognition of the underlying concern about the additional financial cost, leaving aside the operational burdens that she highlighted in containing the children, as she put it. I absolutely accept the point that she makes about the detail that appears in the amendment. That is always a difficulty in

[Kate Green]

primary legislation, and I appreciate where she is coming from. Of course, we recognise that the Government are taking a number of steps to support young families, and as the Minister has reiterated this evening, families with the needs that arise when coping with multiple births will be part of the Government's ongoing thinking about how best to provide such support.

I am not absolutely convinced that all that need can be well met by budgeting loans, because they will be extra items of expenditure that families will obviously have to repay through the medium of payments on account. Obviously, such families will always have more expenditure; they will always be looking after more children, so their means will always be stretched.

I felt reassured when the Minister made it clear that the issue would remain within the Government's thinking and would underpin the consideration that they give to developing their welfare reform proposals. She said that she would bear in mind the comments that my hon. Friend the Member for Westminster North and I made and further consider the issues that we raised and keep them under review. With those welcome assurances, I beg to ask leave to withdraw the amendment.

The Chair: It is just as well that we had a declaration of interest.

Amendment, by leave, withdrawn.

11 pm

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

Kate Green: I apologise for rising again so rapidly, particularly as I am about to raise another issue that relates to all the clauses on the social fund that we have been debating this evening. It has come up briefly once or twice in relation not just to the way in which people might be helped to apply for financial assistance from the local authority that will administer the replacement for the community care grant and crisis loan in future, but to the way in which such support might be operated and distributed.

The Minister mentioned a system operated by Age UK in Camden, which helped people to access goods from Argos. It is in that sort of territory that I should like to invite the Minister to consider how some of these models might be taken a little further to ensure that good value for money is secured in devolving funding out to local authorities so that we can get the best value for the public purse and also maximise the availability of financial support to hard-pressed individuals.

One of the major concerns about the current community care grants is that they are often insufficient to enable people to buy good quality goods. Tales abound of customers being able to afford only shoddy washing machines that require frequent repairs and so incur further costs. The previous Labour Government sought to address that in the Welfare Reform Act 2009 by enabling some grants to be provided in the form of goods and services by entering into centralised contracts with major suppliers with the aim of getting customers a better deal than was currently available. By using central purchasing they could offer them a choice of high quality goods which would have product guarantees and, importantly, would not be identifiable as being from the social fund. It was estimated by the National Audit Office that there could have been savings amounting to between £15 million and £23 million a year, which included, interestingly, savings made from an expected reduction in fraud.

I am aware of the balance that needs to be struck between getting best value for the taxpayer and ensuring that the best quality goods and services can be provided to people in financial need on the one hand and the importance of protecting people's autonomy and choice in the way in which they spend money on the goods and services that they need on the other. None of us would want to get into a position where we humiliate and stigmatise people who are in dire need by forcing them, as my hon. Friend the Member for Westminster North pointed out earlier, to put up with shoddy second-hand goods that are handed to them with the comment, "That's good enough for you."

It is quite clear that there are other ways of developing effective purchasing arrangements which can ensure that a range of goods is on offer to somebody who is in need of community care grant-type financial support and which can ensure that in going out to spend their money, they spend it cost effectively. We are aware that a number of organisations, including in the voluntary sector, have begun to explore how it is possible to arrange some of these bulk purchasing arrangements and to remove the stigma that can result from an apparent take-it-or-leave-it approach to providing the goods that people need.

Are any continuing discussions under way to help local authorities look at how they maximise, not just within the local authority but across local authorities, the possibility of centralising purchasing arrangements and pooling resources, which I think the Minister mentioned earlier this evening? What learning and conversations may be drawn from organisations in the voluntary sector who already operate non-stigmatised central purchasing arrangements? Will the Department itself be prepared to support and promote such discussions on the development of such schemes possibly at a regional level, bringing local authorities together with a view to maximising the effectiveness of the scheme and cost-effectiveness for the taxpayer?

Maria Miller: Clause 72 repeals sections 16 to 21 of the Welfare Reform Act 2009. That obviously was not the issue that the hon. Member for Stretford and Urmston was drawing to the Committee's attention. However, it is worth ensuring that hon. Members are aware of the full intentions behind this clause because those sections would enable loans to be made by external lenders in place of the social fund, and would provide for awards of community care grants as a matter of course to be for goods or services, rather than for cash. Those provisions have not been brought into force and, given our intentions to abolish the discretionary social fund through clause 69, the Government do not intend to use them, hence they are referred to in clause 72.

We came into government and reviewed these measures internally through the Cabinet Office and we deemed that they were not appropriate for what we were intending to do. The Government believe that the social fund must be reformed and we are committed to maintaining a national advance of benefit scheme that is easy to

understand and access. As we discussed in the debate on the previous set of amendments, we recognise how important an interest-free facility is at a time of particular need to people on benefits, who might otherwise have to turn to some of the loan sharks that we have been talking about. We are demonstrating our commitment to addressing that issue by taking the powers in clause 98 to modernise and simplify the current approach of the national loan systems by moving to payments on account, as I have outlined before, as part of universal credit.

Community care grants and crisis loans are being abolished by clause 69 and, from April 2013 at the earliest, new and locally administered provision will be targeted, as we have mentioned, and will offer better value for money. That provision will replace community care grants and crisis care grants, other than those being paid pending benefit.

The point made by the hon. Lady was important: how we can use the opportunity to promote innovation in the way that local authorities approach the new situation. It is only right that many local authorities will want to look at the sort of things she has raised, making sure that they are offering maximum value for money in their local services, whether through the type of schemes that operate in my constituency, such as those that recycle furniture, or through bulk buying and working across local authorities to achieve bulk buying in areas that might be especially relevant in a particular geographical location.

By working together, some local authorities will be able to see the maximum benefit of the opportunities that we are putting into their remit. I am sure that today's debate will promote further discussions. Indeed, the response document to the call for evidence will discuss the issue in detail. I hope that the hon. Lady will find that a useful way of advancing the idea and that she will be able to encourage local authorities to think about it in her own area. I hope that that will satisfy her that we are looking at the issue in some detail.

The other provisions in the clause address some of the other issues that we are concerned about. We believe that devolved Administrations will have an important role, along with local authorities, in ensuring that the local support is the success that every one of our constituents needs it to be.

Question put and agreed to.

Clause 72 accordingly ordered to stand part of the Bill.

Clause 73

STATE PENSION CREDIT: CARERS

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

Chris Grayling: I wish to take a moment of the Committee's time to explain that clause 73 ends one of the anomalies of the system that has frustrated many of us when dealing with our constituents. Up until now, in order to be able to receive the carer's supplement to the pension credit, our constituents have also had to apply for a carer's allowance, and demonstrate their eligibility for it, but then not get it, which has caused them enormous confusion. The clause simply deals with that anomaly so that they will no longer have to do that, and I hope it will be welcomed by the Committee.

Question put and agreed to.

Clause 73 accordingly ordered to stand part of the Bill.

Clause 74

STATE PENSION CREDIT: CAPITAL LIMIT

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

Stephen Timms (East Ham) (Lab): The night is young and I am anxious that we are not accused of skimping on our scrutiny of clause 74. I am grateful to the Minister for giving a couple of us an informal explanation earlier today of what the clause does, but one aspect of it puzzles me. He explained that the Government's intention is simply to apply a capital limit to the new housing credit, which is the equivalent of housing benefit that will be available to pensioners in the future. It will not, therefore, change in practice the arrangements affecting pensioners.

What I am puzzled about, however, is why the clause does that in a way that could be used to impose a capital limit or threshold on pension credit as a whole. There is no such limit at the moment. I think that it has generally been felt in the past that pensioners should be encouraged, not discouraged, to save. That is the reason why there is no capital limit in pension credit, whereas there is elsewhere in the means-tested system. The wording of the clause could be used to impose such a limit, so I am anxious that the Minister put on the record his intention that the Government will not do that. Will he also explain why the capital limit is imposed in this clause, where it could be used more widely than I think is the Government's intention, instead of in the part of the Bill that introduces housing credit to pension credit?

Chris Grayling: The right hon. Gentleman is right about what happens in this part of the Bill. Universal credit will replace housing benefit for working-age claimants. We intend to introduce a new housing credit into pension credit, which will provide support for rental costs for people over the state pension age. There is, as he rightly says, currently no capital limit for entitlement to the state pension credit. However, a claimant can only be entitled to housing benefit if they have capital below a prescribed level, which is currently set at £16,000. There is an exception to the capital rule, and it applies where the claimant is also in receipt of the guarantee credit element of pension credit. In such cases, receipt of the guarantee credit provides a passport to full support for eligible housing costs, irrespective of the level of capital held.

11.15 pm

I have made it clear that our aim is for the existing housing benefit rules to be broadly carried across to the housing credit element in pension credit, but the picture is complicated, so it is not quite that straightforward. We recognise that it will be important for pension credit to continue to operate in a way that is clear to both customers and staff once housing credit has been incorporated. We want the power to introduce a capital limit that can be exercised in respect of one or all of the elements of pension credit, allowing for the possibility of simplification through the alignment of the rules. I will be frank. There are ways of doing that. One could establish a much higher capital limit that applied across the board or apply a limit to the individual element of housing.

Let me put this on the record: it is not our intention to apply a capital limit of the kind that exists for housing benefit—the £16,000 equivalent and the group of people it affects—within pension credit. We might put in place a system that applies a flat rate to a much higher level of capital, or we might equally apply a capital limit to the housing element, but it is not our intention for the measures to disadvantage people who have a sensible level of savings. It is our intention to replicate the system that is already there in so far as we possibly can. Therefore, although I do not rule out an approach that might end up with an across-the-board limit for a much higher level of capital than the current level of £16,000 in order to achieve our objectives, it is not our intention to apply a capital limit of the kind that we know now to claimants.

Stephen Timms: I am grateful for the Minister's answer, but slightly less reassured than I had hoped to be. What does he mean by "a much higher level"? What does he regard as a level that could possibly be introduced to pension credit? What does he mean by "a sensible level of savings"? Can he assure us that the Government do not intend, at the moment at least, to introduce any limit at all outside the housing credit element?

Chris Grayling: At the moment, the measures are designed to enable us to replicate the system of capital limits and the elements of support that are transferring to pension credit, as I explained. We have not finally decided exactly how to do that. One issue is clearly that all the elements get wrapped up into one single payment. When I said "much higher", I meant very substantially higher. One approach could be to establish a single, much higher limit, rather than an individual limit to an individual element of pension credit.

It is not our intention to disadvantage anybody who is currently in the pension credit mix by applying a capital limit of the kind that exists in housing benefit that would affect the vast majority of claimants. I can conceive of us applying a limit that would affect a small minority at the top end in order to achieve an overall flat rate across the whole pension credit audience, but no decision has yet been taken on whether it is appropriate to introduce a capital cut-off limit of that kind for the whole of pension credit.

I cannot give the right hon. Gentleman an absolute indication of what an appropriate level might be, but when I say "very substantially higher", I mean "very substantially higher". It is merely a question of identifying the best way of making the changes work. This is not a clandestine means of applying a £16,000 limit to all pension credit recipients.

Stephen Timms: I am grateful to the Minister. By the way he is speaking, I think he recognises that it could be quite a major, and potentially controversial, change. Will the regulations that would introduce such a change be subject to an affirmative procedure?

Chris Grayling: I am happy to address that question when I come back with the changes I have committed to make on Report. I think that a number of the measures in the Bill should have an initial affirmative resolution. I hope that that provides reassurance.

Question put and agreed to.

Clause 74 accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned. —*(Miss Chloe Smith.)*

11.19 pm

Adjourned till Tuesday 10 May at half-past Ten o'clock.