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GENERAL COMMITTEES

Public Bill Committee

WELFARE REFORM BILL

Twenty-sixth Sitting

Tuesday 24 May 2011

(Afternoon)

CONTENTS

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Saturday 28 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 24 May 2011

(Afternoon)

[Mr James Gray *in the Chair*]

Welfare Reform Bill

Clause 129

Collection of child support maintenance

Amendment moved (this day): 270, in clause 129, page 97, leave out lines 25 to 27 and insert—

'(b) the parent with care wishes to pursue child maintenance through the Commission and states clearly the reasons why.'.—*(Stephen Timms.)*

2 pm

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are taking amendment 271, in clause 129, page 97, line 27, at end insert—

'(c) the parent with care advises the Commission that the collection service is necessary to ensure either that child support maintenance is paid in accordance with the calculation or to protect her or her children from physical, sexual, emotional or financial abuse.'.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): Earlier, I was about to give way to my hon. Friend the Member for Cardiff Central.

Jenny Willott (Cardiff Central) (LD): I would be grateful if the Minister clarified whether the commission will be able to take into account a history of non-payment—for example, a family who have spent a number of years trying to get a non-resident parent to make payments, and who, as a result, have a deduction of earnings order. Will the commission enable that to be transferred over, or will the family have to lose that regular payment and prove again the lack of payments from the non-resident parent?

Maria Miller: I thank my hon. Friend for that question. Just to be clear, we are talking about maintenance direct. Maintenance direct is an agreement between two parents that is not within the statutory system. Therefore, the usual enforcement powers, such as deduction of earnings orders, are not in play. I understand the point she is making—that if somebody has undertaken a maintenance direct agreement, how can they ensure that they do not end up losing out in any way? That is why we have made clear provisions to ensure that, if there is a problem with payments being made, the commission can swiftly move to get the case back into the collection service and take the appropriate action to reinstate payments. Of course, at that point, collection charges would be applied and the sorts of enforcement measures to which my hon. Friend referred, such as deduction of earnings orders, would also come into play.

The right hon. Member for East Ham discussed the question of making sure that payments are made in a timely manner. As I have already outlined, there will be the opportunity for us to bring cases that fall out of payment and into the statutory system.

Stephen Timms (East Ham) (Lab): The Minister emphasised before lunch, and has just done so again, that maintenance direct is set up where there is an agreement between both parents that it should be set up. Is the problem with the Government's proposals in clause 129 that the parent with care will no longer have a choice about whether to accept a maintenance direct arrangement? As I understand it, the current position is that if the parent with care is not willing to enter into maintenance direct, she does not have to. Under these proposals, however, that choice will be taken away from her. Is that not the problem?

Maria Miller: The choice will be for the non-resident parent to set up a maintenance direct payment, so that they can prove that that will be a successful way of having financial support in place for their children. The right hon. Gentleman needs to pay heed to the caveats I have put in, which are very clear. If we have reason to believe that this is not going to be a successful arrangement, then we can refuse that option. Also, if a non-resident parent did not make the payments in accordance with the agreement, the commission could swiftly act and bring the payment in order within the statutory scheme.

Stephen Timms: If the parent with care, given her experience of the non-resident parent, feels that maintenance direct is not appropriate, why are the Government denying her the opportunity to stick with the statutory system?

Maria Miller: The right hon. Gentleman must go back to the premise of the argument, which is about creating an environment of responsibility among parents and encouraging parents to have as much choice as they can to make successful arrangements, not simply making arrangements that are not going to work. He suggests that non-resident parents cannot make a success of maintenance direct. I would like to give non-resident parents the opportunity to make their case to use that as a payment methodology. If it is not successful, the commission can swiftly come in and take that case within the statutory system and ensure that any outstanding moneys are also recouped. We will ensure that clear guidance is available to parents to make sure that, if that is the case, they can successfully pursue any outstanding payments so that those payments can happen.

The right hon. Gentleman also raised the important issue of those who may have been subject to domestic abuse, and whether requiring them to co-operate with a maintenance direct arrangement might in some way be inappropriate. The commission has been considering that matter in some detail. I am pleased to say to him that we have been working on making a service available that will enable parents to pay maintenance direct without the need for any direct contact between the two parties. Indeed, there will also not be a requirement for any

personal information to be disclosed from the parent with care. Where payment is not made by that method, swift action can be taken to move the person to the collection service and establish payment.

I ask the right hon. Gentleman to think about the matter from the point of view of ensuring that we have as much choice as possible available to enable parents with care and non-resident parents to come to a successful arrangement. Maintenance direct will be only one of a variety of methods of doing that. Of course, every parent will have the option—if it is indeed the right option—to move within the statutory system in order to ensure that they are getting the right level of support for their children, and that that support is available on an ongoing basis.

The right hon. Gentleman also referred to victims of domestic violence. Amendment 271 would allow parents with care who are victims of domestic violence automatically to use the collection service. The Government will ensure that a service is available that will enable clients to pay by maintenance direct without, as I said, the need for contact between the parties. That is important for this particular group, which we need to ensure is supported.

I hope that, in the light of those explanations, the intervening break and our discussions, the right hon. Gentleman feels that we have taken the opportunity to clarify our thinking on the use of maintenance direct and that it is appropriate to withdraw his amendment.

Stephen Timms: I remain puzzled by the Government's case. The Minister said that the measure is about wanting to improve choice for parents. However, she has now confirmed that she is denying parents with care a choice, which they have at the moment, to use the statutory service. They will now be compelled to go for maintenance direct instead. That seems to be a loss of, not an extension of, choice for parents with care. I am pleased to hear what she says about the new service, which will avoid any more contact between parents where contact is not appropriate. We look forward to hearing more details about that in due course.

I am not proposing to push the amendment to a vote. What the Minister says will attract some interest from those who have been following our proceedings, and there may well be further matters that we want to raise later. However, for now, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 129 ordered to stand part of the Bill.

Clause 130

Indicative maintenance calculations

Ms Karen Buck (Westminster North) (Lab): I beg to move amendment 280, in clause 130, page 98, line 13, at end insert—

"(3A) Where the non-resident parent has the ability to control the amount of income he or she receives from a company or business, including earnings from employment or self-employment, the indicative calculation in subsection (3) shall be made taking into account all the income from that company or business, and on the basis that section 11(7) applies.".

The Chair: With this it will be convenient to discuss amendment 281, in clause 130, page 98, line 15, at end insert—

"(4A) In notifying the applicant for an indicative calculation of the amount of child support that would be fixed, the Commission shall also inform the applicant of the circumstances when a variation to the standard calculation can be made including where the non-resident parent has the ability to control the amount of income he receives from a company or business, including earnings from employment or self-employment.".

Ms Buck: These amendments should not detain the Committee very long. We simply want to explore the Government's thinking on the calculation-only service and how it could be made to work effectively for the slightly trickier groups of individuals who are drawn into the system. In principle, we welcome the calculation-only service that the clause introduces. It allows parents to obtain from the commission an indicative calculation regarding how much child maintenance would be due if a parent were to go ahead and officially apply to the commission for a statutory child maintenance assessment.

The calculation service is intended to assist parents to negotiate their own private agreements. The proposed fee is around £20 to £25. It is potentially a very useful service. Indeed, we are at one in agreeing that, wherever possible, parents should be able to negotiate a private agreement. People would have a clearer indication of their entitlements than is often the case now, and that is a positive development. At the moment, many parents with care have little or no means by which to verify the information that a non-resident parent chooses to reveal about their—usually his—financial situation, and that can result in the underpayment of maintenance fees from the non-resident parent to the parent with care; and of course, the loser in that situation is the child.

New indicative calculations, as set out in the clause, would use information on the non-resident parent's income from Her Majesty's Revenue and Customs, which would hopefully allow a more accurate assessment to be made of their income, resulting in a fairer amount being paid in maintenance. Amendments 280 and 281 probe the effectiveness of the calculation for non-resident parents who are self-employed or who control a private company. I am unusual in having had remarkably few cases dealing with child maintenance and the Child Support Agency—I think it is a characteristic of my constituency. However, in the light of the one or two I have had, and of the experience of almost every other MP with a larger flow of such cases, there is a common example. The parent with care who has difficulty in getting payment will often tell the CSA or their MP that they are confident that the non-resident parent, who is self-employed or who has a private company, is able to process financial information through their company without declaring all their income. We therefore suggest that the indicative maintenance calculation should be based not only on declared earnings but on all forms of income available to the non-resident parent.

About 10% of non-resident parents are self-employed, and it is very important that that group be unable to hide all their income from the calculation. Gingerbread and other interested organisations that support the amendment argue that it is only through a transparent declaration of total income that the ex-partner of such a non-resident parent can be in a position either to negotiate a realistic private agreement or, if that is not

[Ms Buck]

possible, be prompted to make a formal variation application. So that is what the amendment seeks to achieve, and I would welcome the Minister's comments on whether that might be possible. If not, how does she think we can make the calculation work most effectively in the case of a self-employed or company-owning non-resident parent?

Amendment 281 approaches the same problem from a slightly different angle. It does not go as far as amendment 280 in calling for the complete declaration of the income of the non-resident parent, but it would oblige the commission to alert parents with care to the possibility that the non-resident parent might be concealing some of their—usually his—earnings, and that that should be taken into account when calculating maintenance payments. According to a recent answer to a parliamentary question, in the past five years just under one fifth of all appeals against maintenance amounts involved a self-employed parent. We therefore know the base number, but we also know that non-resident parents in this position are hugely over-represented in the challenge and appeals system. It is clearly important that we try to find ways of getting more accurate information into the hands of the non-resident parent, either through the declaration or through an alert system. It is better to build checks and balances into the calculation system at an earlier stage, rather than having more parents challenge and appeal a decision. Such challenges delay maintenance payments and involve an unnecessarily lengthy and bureaucratic process.

The amendments are probing, and I look forward to hearing the Minister's views on how the Government might deal with this set of problems relating to what is otherwise a welcome development.

2.15 pm

Kate Green (Stretford and Urmston) (Lab): I want to add two or three comments to the points made by my hon. Friend. As she said, we understand that approximately 10% of non-resident parents are self-employed, but their compliance rate is much lower than that of parents who are in employment. The compliance rate for those in employment is, typically, 90%. Even for those on benefit, the rate is around 80%, but for non-resident parents who are self-employed, it falls to 70%.

There is clearly a substantial gap in respect of willingness to make payment, or to make it in full. It is true that steps have been taken to try to improve the compliance rate of non-resident, self-employed parents. The agency now makes more use of deductions from non-resident parents' bank accounts, which, in many cases, is a good way of improving collection and getting the maintenance to flow.

The importance of my hon. Friend's amendments lies in the fact that the child support regime has always very much accepted what the non-resident parent says at face value. To many parents with care, that approach is inexplicable. They themselves can point to evidence of a lifestyle enjoyed by a non-resident parent that is completely at odds with what—usually—he says his financial circumstances are. They report repeatedly giving that information to the agency, but there is no follow-up. My hon. Friend is right to table amendments to tighten up the approach to establishing the true income of non-resident parents, and I support the proposals.

Jenny Willott: Is the hon. Lady aware of websites that have been set up that give non-resident parents—particularly those who are self-employed—concrete directions on how to hide their income, to get around the structures of the CSA? There are many problems in the current system's set-up that must be tackled.

Kate Green: I am grateful to the hon. Lady. I have heard rumours about such websites. It is important to stress that we are not talking about all self-employed, non-resident parents, by any means. However, I think we all agree that a small group of non-resident parents—employed and self-employed—seeks to evade its responsibilities. Arguably, it is easier for self-employed people to do that, because they control how they report their financial circumstances. Parents who work for respectable employers who pay their staff members through the pay-as-you-earn system will not have such control.

There is a striking contrast between the assiduousness with which HMRC follows up people who it thinks are not declaring their proper income for tax purposes, and the reluctance of the Child Support Agency to be as assiduous—it is even reluctant to ask HMRC what information it holds and what work it may be doing to establish an accurate picture of a non-resident parent's means. The contrast certainly strikes many lone parents who have protested to me, over many years, that they cannot understand the position. They want to know why one arm of government, HMRC, can be proactive in investigating the true financial position of a self-employed person, when another arm of government, the Child Support Agency, is content to accept at face value what the non-resident parent says.

We welcome how Ministers are seeking to improve the flow of data between HMRC and the Department for Work and Pensions for the purposes of universal credit calculation. I hope that they will want to take that improvement in data flow to its logical conclusion and make much better use of it for child support. By supporting my hon. Friend's amendment, we are saying to the Minister that lone parents are looking for a much greater degree of proactivity to help them understand the true income of a self-employed non-resident parent. That will make a difference to that small group of lone parents, which feels hard done by under the present system. I look forward to the Minister's comments.

Maria Miller: For clarity, I should say that the amendment relates to clause 130 on indicative maintenance calculations. I know the hon. Member for Westminster North set that out in her comments, but I want the Committee to be clear that we are talking about those indicative arrangements. I hope that I will be able to reassure members of the Committee that we take this issue extremely seriously. Like the hon. Lady, I have also encountered—perhaps more than she has—problems involving parents with care who feel uncomfortable about their ex-partner's declared levels of income, particularly when they are self employed. I take a keen interest in that subject, both as a Minister and as a constituency MP.

Amendments 280 and 281 deal with applications for an indicative maintenance calculation. Such a calculation will involve the same factors as those taken into account when an application is made to the statutory scheme. For the avoidance of doubt, I confirm that the indicative

maintenance calculation can include variation of income if applied for by the parent with care. That is the effect of subsection (3), without the amendments.

Parents with care will have the opportunity to apply for a variation as part of the indicative maintenance calculation, and we will make that clear as part of the application process. That will involve advising the applicant that the calculation may be varied, giving notice of the variation scheme and advising on the grounds available to them.

Variations currently cover a wide range of circumstances, including where the non-resident parent unreasonably diverts their income. I remind the Committee that we will be sharing data with HMRC in the future and, as the hon. Member for Stretford and Urmston mentioned, that will be an important part of making the scheme work better for parents than it does at the moment. We will improve the calculation of child maintenance by utilising income data from HMRC to produce quicker and more accurate maintenance calculations.

I also get letters in my postbag about secondary incomes, and the system will be made more straightforward. Secondary incomes, such as the income from being a councillor or a member of the Territorial Army, are not taken into account under the current regime, but they will be in future. That will reassure many of those who write to me about such issues.

In the near future we will be publishing for public consultation draft regulations that deal with calculations and variations. The House will have the opportunity to debate the finalised regulations under the affirmative procedure, which will provide an opportunity for us to scrutinise the issue further. I hope that both hon. Ladies who have spoken about this legislation are reassured that we take the issue of income and self-employment particularly seriously. I hope that the future scheme will provide real improvements, and I look forward to discussing it further with stakeholders and debating it in the House in due course. With those reassurances, I hope that the hon. Lady will withdraw her amendment.

Ms Buck: I thank the Minister for her reply; to a certain extent, I am reassured. If I understood her correctly, she implicitly accepted the request in amendment 281, which is for a means of alerting parents to the possibility of the income not being exactly the same as declared earnings. She made something of the importance of parents being able to apply for variation, which is clearly significant.

The amendment is probing, and I do not intend to press it further, but the Minister's comments did not seem to address the core issue of proactive advice on the variants, in the case of self-employed and company-earning parents, between income and total earnings. As my hon. Friend the Member for Stretford and Urmston was implying, more can be done. As the greater integration between HMRC and DWP proceeds, with movement towards the universal credit, it would be good to see the CSA as a means of integrating those data most effectively.

The intervention of the hon. Member for Cardiff Central was striking; it was about a whole do-it-yourself industry out there, designed to support the minority involved—none the less, a significant minority—and, in particular, those most able to avoid their commitments because they are not necessarily on PAYE. It is incumbent on us to look constantly for ways of raising our game, to bear down on such people.

We look forward to the regulations; we will scrutinise them and see how much further forward they take us. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ms Buck: I beg to move amendment 282, in clause 130, page 98, line 16, leave out subsection (5).

This brief amendment is also on the theme of indicative maintenance calculations. We are asking the Minister for a little more clarification on new subsection (5), which states:

"The Commission may limit the number of applications it will accept under this section in any particular case in such manner as it thinks fit."

Our probing amendment would remove the Commission's discretionary power to limit the number of indicative maintenance calculations.

In what circumstances does the Minister think that the number of applications would be restricted? Can she give us some examples? Also, if the option to apply and pay for a calculation service is to be taken away from the parent, and if that limit on the number of applications is imposed on a discretionary basis, will the parent still be subject to the other charges that might apply when there is no choice but to go through the statutory system? We wondered whether there might not be disjuncture between those aims.

Alternatively, if the calculation service is not available because it is being restricted on a discretionary basis, will other stages in the statutory process also become unavailable to parents wishing to use it? Will the Minister explain a little about what she sees as the circumstances in which the restrictions will apply and what the knock-on consequences might be if such a restriction applied to parents who go on to make use of the statutory service?

Maria Miller: The amendment is about a situation in which someone applies for an indicative maintenance calculation which provides a calculation of what child maintenance would be under the statutory rules. The indicative calculation includes all the elements that make up a maintenance calculation, as we have already discussed, but clearly without creating the statutory or legally enforceable liability.

We want to ensure that parents have the information to make the sort of informed choices that we have talked so much about in Committee and that, wherever possible, they can come to their own arrangements outside the scheme. The majority of clients will believe that having someone to help them work out how much should be paid, such as this calculation service, will help facilitate the sort of family-based arrangements we believe are so important.

2.30 pm

We want to ensure, however, that such applications are made only with such outcomes in mind. Non-resident parents will need to provide us with information about their circumstances to enable us to make the calculations. It is therefore essential that the applications be used only for legitimate reasons. The imposition of a small charge for each application for an indicative calculation will reinforce that. Additionally, subsection (6) makes it clear that this type of application cannot be brought forward where there is disputed parentage. Better protection will be offered if the commission does not have to

process multiple applications where it is clear that it is not intended to help a parent to consider his or her maintenance arrangements.

The issue is also important in the context of calculations in the new scheme drawing on information from HMRC about a non-resident parent's income. There is a practical consideration, because the income information passed by HMRC to the commission will, in most cases, be updated only once a year. Most parents would not normally make multiple applications, because most parents would not normally have a variation in the calculated maintenance on a more than annual basis. The calculated maintenance may not even change at that point. Frequent applications for this service are therefore less likely to result in changes to the indicative calculations given previously.

The hon. Member for Westminster North asked for specific examples. There will be guidance for caseworkers to help them decide whether an excessive number of indicative calculations have been made. That guidance will be publicly available. That is important. This is not about trying to ration a service; it is about trying to ensure that the service is being used in a legitimate manner.

We will set this on the basis that multiple users in a given year of the service will generally be parents collaborating. If the hon. Lady were to push me at this point, I would say that we envisage that three applications a year is in line with our thinking. That may vary, however, if the parent with care is applying without collaborating with the non-resident parent. We are trying to ensure that safeguards are in place that will ensure that the calculation service, which she rightly warmly welcomed in her opening comments, is used in the way that we envisage.

The amendment would remove the ability of the commission to put those sorts of safeguards in place and not to proceed with repeated applications. I can assure the Committee that we anticipate using this provision only in very limited circumstances. The amendment would make this particular service within the scheme more open to potential abuse and thereby lead to onerous burdens being placed on non-resident parents. I hope that that covers the issues that the hon. Lady has raised. I hope I have reassured her that the provision is a safeguard within the system.

Ms Buck: That is generally a satisfactory response. Of course, it is always possible that there will be some vexatious applicants who make multiple applications. The application of a fee in itself might have deterred people from doing so too frequently without good reason, without there having to be a clause that allows for a restriction to be made on the number of applications.

I always worry that, at the extreme, there is scope for certain legitimate circumstances in which people might seek to make more applications than the benchmark figure of three. I do not disagree, however; some form of discretionary restriction may be necessary if it looks like people may be using the system vexatiously. We may return to this issue, to examine the guidance and how it works out in practice and whether there are any practical difficulties. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ms Buck: I beg to move amendment 283, in clause 130, page 98, line 23, at end insert—

'(6A) Where a parent with care makes an application to the Commission under section 4 of the Act within three months of receipt of an indicative maintenance calculation under this section, any application fee which would otherwise be charged by the Commission shall be reduced by any amount paid by the parent with care for the said indicative maintenance calculation.'.

The last of our amendments on the indicative calculations clause would simply allow for the recuperation of the payment of a fee for a parent with care, if they subsequently make an application within a reasonable period to use the statutory maintenance agreement, when using that indicative calculation has not been sufficient to ensure that a voluntary arrangement is reached.

We have talked a great deal about the charging system and its impact on parents, particularly those with care who have no other option but to use the commission to secure an effective maintenance agreement. It is absolutely right that we strike a balance when trying to deter unnecessary applications by being aware that even £25 or so, which is very small beer to a Member of Parliament, can be a significant proportion of the total weekly income of a low-paid parent on benefits who is looking after their children.

Within the system, there is a variety of different fees on the table—for applications, collection arrangements and calculations. There is a small risk that the charging regime becomes not only unfair by penalising the lowest paid and most vulnerable, but increasingly complicated, with overlapping payments catching the same parent over a short period and, almost by definition, before any maintenance is paid to offset the impact of those charges.

The amendment would address that problem by ensuring that a parent with care who has paid a fee of £20 to £25 or so for an indicative calculation would be able to subtract that amount from any application fee should she—and it is usually a she—be unable to reach a satisfactory private maintenance agreement within three months of receiving the initial indicative calculation.

The Minister implied that the overall charging structure has yet to be finalised. However, if we assume that the level of fees is as outlined in the Green Paper, we might encounter the following scenario. A parent with care decides to ask the commission to calculate how much money she is owed in child maintenance payments, and she is charged £20 or £25. Three months after receiving the calculation and paying the fee but after being unable to reach a satisfactory private maintenance arrangement with the non-resident parent, she turns to the statutory system for support and pays the required up-front application fee of £100. That means that within about 12 months, the parent with care has paid £125 out of their own pocket before any maintenance is collected. Paying such money without an absolute guarantee of recuperation at any point represents a significant practical burden.

To integrate the different aspects of the charging system, it should be possible to ensure that an initial calculation sum is subsequently offset against the entry fee into the statutory regime so that a parent is not subject to a double payment. Will the Minister tell us whether she is sympathetic to that approach?

Maria Miller: I thank the hon. Lady for setting out her case so clearly. I shall take this opportunity to explain how the system works in more detail, which I hope will allay her concerns. Although both services

calculate maintenance liability in the same way—using HMRC income data—they are separate services, each of which has an access charge.

The indicative calculation is a snapshot of parents' income position at a point in time. We absolutely accept that some parents will need to go on to make a full application, if they cannot come to their own arrangements. However, that requires a separate service, for which the case must be reworked at an additional cost. That involves the need to look for newer HMRC data and to ensure that details from the non-resident parent are up to date, for instance on shared care.

I understand the thrust of the hon. Lady's argument, but the practicality is that while the indicative calculation is absolutely valid—HMRC data are used to give parents an indication of the maintenance liability—to move on to the statutory scheme, we would need to ensure that the information was up to date, that nothing had changed and that the shared care arrangements were unchanged. All those checks require a separate service.

I can confirm that we will plan to charge per service used. When a full application is made, it will be charged at the appropriate rate. We therefore cannot offer a discount if the parent has previously used the indicative calculation service, because there is not the direct read across that the hon. Lady was suggesting in her argument.

Kate Green: Has the Minister got any assessment of the likelihood, over the three-month period outlined in the amendment, that there will be substantial changes meaning that the recalculation requires a significant amount of work?

Maria Miller: The hon. Lady needs to recognise that if we are to put forward a scheme within the statutory system, we have to be absolutely confident not only that the most up-to-date income figures have been used, but that the most up-to-date shared care plan is on the record. I understand that she is saying that the situation might not have changed. However, it might have changed, so for absolute fairness in the system, we have to make sure that the figures are the most up to date possible.

Kate Green: I am sorry; I did not make my point very clearly. I was trying to understand the extent to which there was, as it were, an economy of scale in repeating the structure of the earlier calculation. Presumably, much of the information will be accessed from the same sources, so it will not be especially burdensome to go back and find those sources.

Maria Miller: But the cost within the system will arise from reviewing the required information—whether from HMRC or the parent with care. It is vital that the information is up to date and has not fallen or elapsed. The hon. Lady needs to recognise that the charges that we are proposing are not the full charges for the services that we are providing across the board in child maintenance. To a certain extent, the state is already subsidising those services, as the Committee has already debated at length, so it is difficult for her to press that argument directly.

Additionally, when we undertake a calculation service for a parent with care, we will make clear that the charge is not refundable. Parents who make an application to the statutory service will be fully supported and will benefit from a heavily subsided scheme. As I have mentioned in Committee before, the full cost of an application process will be about £220, but we will ask parents to pay only a small proportion of that to access the service: either £100 up front for those not on benefits, or £20 up front—£50 in total—for those on benefits.

I hope that I have given the Committee a rationale for treating the indicative calculation as a separate service and that, now that I have set out the information for the hon. Member for Westminster North, she will feel able to withdraw her amendment.

Ms Buck: I am a little disappointed with that answer. As my hon. Friend the Member for Stretford and Urmston implied, there is not an overwhelming argument that most indicative calculations are likely to involve a very different set of information from what would be required if the parent with care were to go to a statutory calculation. If the Minister is suggesting that there is a significant difference in the value—reading between the lines, that seemed to be what she was saying—there is a danger that the indicative calculation will become devalued. The point of the indicative calculation, which is a very good service with enormous potential for underpinning private agreements, would be cast into doubt if parents were to understand that the quality of that calculation was not likely to be as robust as the statutory calculation that might come later. There is sometimes a danger that in order to save a relatively small amount—I understand the point about subsidy—with payments for the indicative calculations, there is a little bit of the nose being cut off to spite the face. People might not be willing to trust the indicative calculation, or indeed might choose not to pursue that route, if they were in any way suspicious that there might not be a great deal of value in that basis for a private agreement. They might then simply skip that stage and go for a statutory calculation. It is important that the message is not sent out that the indicative calculation might not be quite as robust as the Government would like.

2.45 pm

Maria Miller: I want to make it very clear, for the avoidance of doubt, that both services would calculate the maintenance liability in the same way—using HMRC income data.

Ms Buck: Indeed, but if that is the case, I am at a bit of a loss as to why it is not possible to read across, because the Minister argues on the other hand that there are two separate services and that it is more or less structurally impossible to read across when charging for those two services. She cannot have it both ways. I think that it would be better to do everything possible to encourage confidence in and use of the indicative calculation prior to private agreement. We all agree that, wherever possible, we should move away from having to go to a statutory service, if that can possibly be avoided. I am not sure that the Minister is sending out quite the signal that she would want. I am a little disappointed by that reply, but I do not intend to press the amendment to a Division, so I beg leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 130 ordered to stand part of the Bill.

Clause 131 ordered to stand part of the Bill.

Clause 132

USE OF JOBCENTRES BY SEX INDUSTRY

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

Stephen Timms: I welcome clause 132, which relates to an issue that was very live when I was Minister for Employment. It arose from a successful court challenge to the previous policy implemented by Jobcentre Plus. The challenge was brought by the Ann Summers chain, which objected to vacancies in its shops not being advertised in jobcentres, which was the previous policy. Unfortunately, the legal challenge was successful. That was a matter of great concern to me and, I remember well, to my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), then Deputy Prime Minister and now deputy leader of my party. We did not, however, solve the matter and I therefore welcome the clause.

Given the terms of the clause, it looks to me as though it will not block the advertising in jobcentres of vacancies in Ann Summers shops. Can the Minister confirm that that is a correct interpretation of the clause? Having failed to solve the matter myself, I certainly cannot blame him for having failed to solve it also; nevertheless, I regret it—if I have read the clause correctly—and I hope he will continue to pursue this issue, because my view is that those vacancies should not be advertised in jobcentres. However, the clause will help to deal with some of the worst cases; I welcome it, and will welcome that bit of clarification from the Minister.

The Minister of State, Department for Work and Pensions (Chris Grayling): It gives me particular pleasure to speak in favour of the clause because, although I absolutely respect the concerns that were felt among Labour Members during the previous Parliament, when the shadow Minister and his colleagues were in government, after the original Ann Summers judgment, they did not make a change. I remember criticising them in opposition for having not made a change, and it was a particular pleasure to me to arrive in government and be able to make a change that I had felt for a long time was very necessary.

Let me provide some context for the Committee. The situation was that people could go onto the DWP website, look for the Jobcentre Plus "routes into work" advertising and find, among the jobs advertised, a number which I considered entirely inappropriate—jobs for lap dancers, for pole dancers, for women to writhe around naked on beds in front of webcams to be broadcast over the internet. It was entirely inappropriate. In Jobcentre Plus, we are dealing with people who have been through a very difficult time and who are trying to get back on their feet. At a time when we are looking to provide extra push and encouragement to people who are on benefits to get them back into the workplace, I did not want a situation where any woman who had been through a tough time would feel in any way pressured to take such a vacancy. Such jobs are perfectly legal in our society—that is a separate debate. But a public employment service—Jobcentre Plus—is not the place to provide free advertising for people who are looking to fill positions in lap-dancing clubs and such like. It is absolutely not the right thing to do.

Stephen Timms: I agree with the Minister, but will the jobcentre still have to advertise vacancies in Ann Summers shops because of the original court judgment?

Chris Grayling: Yes—I will set out the position in a moment. I want to pay tribute to the various women's groups that have made representations over the years to Members of Parliament. They have done a first-rate job in making us all aware of the nature of the challenge. The situation should not have been allowed to continue, and it will not continue. Indeed, in reality and practice, it was stopped last summer, but it is necessary to put it into primary legislation so there is no doubt at all, and so that we cannot have a court case in future. That is the purpose of the clause.

On the point the right hon. Gentleman referred to, we decided that the key issue related to people who were asked to work naked or semi-naked for the titillation of others. It was not about preventing Ann Summers from recruiting security guards at its factory in Surrey. We therefore felt that a dividing line should be drawn. We should not be preventing legal and legitimate businesses from recruiting security staff or delivery drivers, or people from doing conventional jobs for a business that happens to be an adult business. In the case of Ann Summers, that is now a reasonably widely found high street retail chain. There is a branch in the Ashley centre in Epsom in my constituency. It caused a little hubbub when it was first touted, but has sat there doing business perfectly happily for many years now.

It is not the place of Government to say, "You may not advertise for retail, security, delivery, logistics or headquarters staff." It is the place of Government to say, "We will not allow our own jobcentres to be used to advertise positions for women who are expected to take their clothes off as part of their job to titillate others" at a time in their lives when they are extremely vulnerable and under pressure, and when the financial challenges in their lives are substantial. That is why I strongly believe that the clause is necessary. I hope my answer explains why we have drawn that dividing line. It seemed a sensible response to the original court case that Ann Summers brought. It is all about protecting vulnerable women at a difficult time in their life. It is necessary and I am grateful to the right hon. Gentleman for highlighting the fact that there is support on both sides of the House.

Question put and agreed to.

Clause 132 accordingly ordered to stand part of the Bill.

Clause 133 ordered to stand part of the Bill.

Schedule 13

REPEALS

Amendments made: 100, in schedule 13, page 146, leave out line 29 and insert—

'Section 6.

In section 7—

(a) in the heading, the words "community charge benefits and other";

(b) subsection (2), so far as not otherwise repealed;

(c) subsection (3)(b) and the preceding "and".'

Amendment 101, in schedule 13, page 152, leave out line 8

Amendment 102, in schedule 13, page 154, line 32, at end insert—

( ) in subsection (2)(a), "Part 1 of";'.

Amendment 103, in schedule 13, page 155, line 3, at end insert 'and (4)'

Amendment 104, in schedule 13, page 155, line 20, at end insert

', so far as not otherwise repealed'

Amendment 105, in schedule 13, page 157, line 28, leave out '8(2A)' and insert '8(2)(ca) and (d), (2A)'

Amendment 106, in schedule 13, page 158, line 10, at end insert 'and (7) and (8)'

Amendment 107, in schedule 13, page 158, line 18, at end insert—

'(c) the definition of "training".'

Amendment 108, in schedule 13, page 158, line 21, leave out 'and (b)'

Amendment 109, in schedule 13, page 158, line 43, leave out from beginning to end of line 44

Amendment 110, in schedule 13, page 163, line 30, second column, at beginning insert—

'Section 7(2)(a).'—*(Chris Grayling.)*

Schedule 13, as amended, agreed to.

Clauses 134 and 135 ordered to stand part of the Bill.

Clause 136

COMMENCEMENT

Chris Grayling: I beg to move amendment 287, in clause 136, page 100, line 3, at end insert—

'() section [Recovery of fines etc by deductions from employment and support allowance] (recovery of fines etc by deductions from employment and support allowance) (but see section [Recovery of fines etc by deductions from employment and support allowance](3));'.

The Chair: With this it will be convenient to discuss new clause 14—*Recovery of fines etc by deductions from employment and support allowance.*

Chris Grayling: I know that hon. Members want to move on to other matters and debate the new clauses, so I shall deal with this simply by saying that the amendment makes a minor technical change to a drafting error in previous legislation. It does not involve any significant policy changes and I hope that the Committee will accept it.

Amendment 287 agreed to.

Maria Miller: I beg to move amendment 290, in clause 136, page 100, line 21, at end insert—

'() section [Social Mobility and Child Poverty Commission] and Schedule [Social Mobility and Child Poverty Commission] (Social Mobility and Child Poverty Commission);'.

The Chair: With this it will be convenient to discuss the following: Government new clause 17—*Social Mobility and Child Poverty Commission.*

Government new schedule 1—*Social Mobility and Child Poverty Commission.*

Amendment (a) to Government new schedule 1, in paragraph 2, proposed new section 8B (2)(b)(ii), leave out 'recent' and insert 'effective'.

Amendment (b) to Government new schedule 1, in paragraph 3, after paragraph 1 of proposed new schedule 1, insert—

'(3) A Minister of the Crown must have regard to the desirability of securing that the Commission (taken as a whole) has experience in or knowledge of—

(a) the formulation, implementation and evaluation of policy relating to child poverty and social mobility;

(b) research in connection with child poverty and social mobility;

(c) work with children and families experiencing poverty.'.

Amendment (c) to Government new schedule 1, in paragraph 3, after paragraph 1 of proposed new schedule 1, insert—

'(3) Before appointing a member under subsection (1)(e) a Minister of the Crown must consult—

(a) the chair, the deputy chair, and

(b) the Scottish Ministers, the Welsh Ministers and the relevant Northern Ireland Department.'.

Amendment (d) to Government new schedule 1, in paragraph 3, after paragraph 8 of proposed new schedule 1, insert—

8A (1) The Commission may at any time request the Minister of the Crown to carry out, or commission others to carry out, such research on behalf of the Commission for the purpose of the carrying out of the Commission's functions as the Commission may specify in the request.

(2) If the Minister of the Crown decides not to comply with the request, the Minister of the Crown must notify the Commission of the reasons for the decision.'.

Amendment (e) to Government new schedule 1, in paragraph 8, leave out sub-paragraph (2).

Government amendment 291.

Maria Miller: In this group, I shall speak about Government amendments 290 and 291, new clause 17 and new schedule 1. I shall touch on the Opposition amendments in my closing remarks.

Last month, we published our child poverty and social mobility strategies, which set out how we intend to ensure that families do not remain trapped in poverty and that everyone has the opportunity to succeed in life, regardless of their background. To achieve that goal, we must be sure that we have the right structures in place. The previous Government attempted to do that by establishing in law a child poverty commission, which was intended to advise the Government on their strategy and ensure that they continued to make progress.

We supported and still support the concept of an arm's length body that provides an external challenge to the Government on these issues, which we know can be important. However, we believe that the commission, as defined in the Child Poverty Act 2010, would not be able to perform that role effectively. Our amendments change the commission in three ways to create a stronger and more effective body, which has the power to assess progress on child poverty and social mobility, and to publish its findings annually.

[Maria Miller]

New schedule 1 broadens the scope of the commission to include social mobility by building on the current role of the independent reviewer on social mobility. Greater social mobility is central to the Government's vision of a fairer society in which opportunity is not limited by an individual's income or family background. We do not live in a fair society, because too many bright children from ordinary homes are finding their opportunities narrowed; too many run into closed doors, which block their way forward. There are large gaps in attainment between children from disadvantaged backgrounds and other children. Those eligible for free school meals are only half as likely as other children to achieve five good GCSEs, including English and maths. Few children from the most disadvantaged backgrounds enter the most selective universities. Those who receive free school meals make up approximately 20% of all school children, but only 1% of Oxbridge students. I do not advocate that an Oxbridge university is the right university for every child in this country—indeed, I went neither to Oxford nor Cambridge; I went to the London School of Economics and am thoroughly proud of it. That is, however, the gold standard, and we should expect more children to have the opportunity to have access to it.

In addition, access to the professions is still restricted to those from more privileged backgrounds, with only 7% of the population attending independent schools, but the privately educated accounting for more than half of the top level of many professions, including 70% of High Court judges and more than half of FTSE 100 chief executive officers.

The child poverty strategy makes it clear that tackling child poverty involves more than simply raising family incomes. Any effective and sustainable approach must also address the root causes of poverty and the intergenerational transfer of disadvantage. As well as being an important end in itself, increasing social mobility is therefore crucial in ensuring that poorer children do not get left behind. It is therefore right that the commission have an explicit duty to consider progress on social mobility, on top of its duty in relation to child poverty.

3 pm

The second issue I want to focus on is that the Government believe that public bodies should be established only when they can provide additional value to the taxpayer. They should not be given responsibility for actions or decisions that Ministers should be accountable for. It is for Ministers to develop the child poverty strategy—it is not a responsibility that should be delegated to a public body. We acknowledge and take seriously the importance of consultation as part of that process. A legal duty to request the advice of the commission is unnecessary and, more importantly, potentially provides a legislative means for Ministers to delegate responsibility for the content of the strategy to a non-elected body, which we do not accept.

Ministers will continue to consult on the development of the child poverty and social mobility strategies and will retain the power to ask the commission for advice on technical issues such as measurement, where the expertise of the commission can add value. The strategies will clearly and transparently be the responsibility of Ministers alone. My hon. Friend the Member for Dover was advocating that in our earlier discussion on the Child Support Agency. That approach is reflected in the fact that the new schedule removes the provision for the commission to have the final say on the definition of persistent poverty used for child poverty targets.

The provisions will improve accountability and transparency. The current commission can provide advice to Ministers, but it cannot comment on the extent to which that advice is heeded or on whether the finished strategies are effective. That is a fundamental flaw in how the current commission has been structured. In contrast, the new commission will be required to produce annual reports, presenting its view on the progress made towards reducing child poverty and increasing social mobility. In particular, it will have to report on the progress made towards meeting the child poverty targets and delivering the child poverty strategies. Those reports, which will replace the progress reports currently required from the Secretary of State, will be laid before Parliament. Annual independent progress reports will help drive Government action to meet the commitments set out in the child poverty and social mobility strategies. The commission will report to Parliament on both strands of its responsibility. That will help to ensure a continued focus on both issues at the highest levels of Government.

The commission will continue to have a UK-wide remit and a member from each of the devolved Administrations appointed by a Minister. The commission's report will have the same coverage of the devolved Administrations as the reports currently required from the Secretary of State. Both the current report and the proposed commission's report are required to cover the steps taken towards implementing the strategies produced by Scotland, Wales and Northern Ireland.

The amendment will result in a stronger, more effective commission, with the power to assess independently and publicly the progress towards reducing child poverty and increasing social mobility. This new approach to accountability will drive Government action and ensure that the Government continue to deliver against the child poverty and social mobility strategies published earlier this year.

Kate Green: I am pleased to have the opportunity to respond to the Government's proposals and, in particular, to comment on how they wish to develop and take forward legislation passed under the Labour Government in 2010, which the Minister rightly acknowledges enjoyed cross-party support. Many of us associated with the development of that legislation were particularly pleased to secure that non-partisan support. We very much want to keep it in focusing on child poverty and social mobility, and the Minister has helpfully reiterated that today.

It is right to take the opportunity to debate the Government's proposed change to the Child Poverty Act 2010 in the context of the Bill, because many of the issues covered by the Bill go to the heart of addressing both child poverty and social mobility: parental employment; the adequacy of our financial safety net; the surrounding infrastructure that parents need to support and raise their children; the provision of adequate child care; the provision of in-work financial support to make work pay; and passported benefits, particularly school meals, about which we look forward to having decisions later this afternoon. Those welfare reform

issues, which the current legislation encompasses, go to the heart of many aspects of child poverty and social mobility, so it is good to have a chance to debate them in considering the Bill.

It is important that, because our debate in Committee is taking place in the context of this Bill, there is not afterwards a perception that child poverty and social mobility are all about welfare reform. I am sure that that is not the Minister's intention. I know that matters of legislative timetabling have partly dictated that the change is introduced in this Bill, but there is a fundamental underlying set of philosophical points that need to be made about how we think about child poverty and social mobility. They should not be seen only through an unemployment or a social security lens; we would all agree that they are much broader.

One argument for extending the remit of the commission that was set up under the Child Poverty Act 2010—to go into the broader territory of wider social mobility—is that that gives us an enhanced opportunity to examine the totality and coherence of Government strategies across a range of Departments and agencies and, as the Minister has said, throughout the UK, including the part played by the devolved Administrations.

I am certainly comfortable with the proposal for an expanded remit, and I expect that parliamentarians and external lobby groups will take the opportunity to use it to critique Government policy in the broadest possible terms. I hope the Minister will confirm in her response that one of Ministers' ambitions is to ensure that we have the broadest possible approach to tackling poverty, disadvantage, discrimination and social inequality. Regrettably, in seeking to expand the commission's remit, the opportunity does not seem to have been taken expressly and explicitly to address issues of inequality, and it will be interesting to hear the Minister's comments on why it was not taken.

It is very important that, in broadening the scope of the Child Poverty Act 2010 in relation to the commission's remit, we do not somehow downplay the significance of income poverty. I do not think that that is the Minister's intention, and I am sure she will give us her assurances about that. We have come a long way in repositioning the significance of family incomes for a whole range of good child outcomes.

Debates take place about causality or cause and effect: does a good income lead to good outcomes, or are good outcomes not determined totally by income but by other factors, too? We can certainly all agree that families struggling to make ends meet will find it much more difficult to support their children's educational development, for example. We can be confident that children's health will be compromised if parents are not able to afford a healthy diet or a warm, dry home. If children do not have access to the social activities that offer them good child development opportunities and possibilities, money certainly helps parents to provide the broadest possible nurturing child-rearing support.

In terms of the remit of the new commission, it is very important that we get the right balance between dealing with child poverty and social mobility in its broadest sense. We need to understand that that balance means looking across a whole range of Government policy areas and being able to highlight some of the contradictions between what one arm and another arm of the Government are doing. We also need to point out where opportunities to advance social mobility or to reduce income poverty are not being pursued by the Government as we would like.

I very much welcome the income poverty targets in the Child Poverty Act 2010. They provide us with a good framework for addressing income poverty not just in a single dimension, but in terms of the four measures of income poverty in the Act, including persistent poverty and material poverty—the assessment of material deprivation. When the legislation was passed last year, we were able to deal with some of the unjustified criticisms of Labour in government—that it was interested only in "poverty plus a pound." That is completely not the case; Labour was not interested only in that. We wanted to lift all children above the income poverty line by 2020 and we made good progress on that.

We were pleased to note that just the other day the lowest child poverty figures in 25 years were announced for the last year of the Labour Government. We all recognise that much more needed to be done to continue to reduce children's levels of financial poverty, but it is not right to say that that was all Labour was interested in. Labour Governments invested heavily in education, early years, good-quality employment and parental rights at work to enable parents to participate in the labour market and support their children. Labour Governments also invested in a host of other related measures to improve the circumstances in which children are raised.

I am not complaining about the expansion of the remit that the legislation and the proposals introduced by the Minister this afternoon represent, but I take issue with the notion that the 2010 Act somehow missed that dimension because of its focus on income poverty alone. It did not; it contains a number of building blocks that the Secretary of State is required to consider when preparing a child poverty strategy, for example: parental employment and skills; financial support for children and parents; and information, advice and assistance to parents to promote their parenting skills and to provide them with other forms of support. There is a specific set of building blocks around physical and mental health, education and social services to support parents as they raise their children. Other building blocks include housing, the built environment, the natural environment and the promotion of social inclusion.

Through its building blocks, the 2010 Act—albeit not exclusively—has always had a very good focus on the broadest possible understanding of what constitutes the prerequisites for good social mobility. Let me be explicit. I certainly do not object to the twin-track goals of dealing with income poverty and social mobility and the opening up of opportunity that the Minister describes. However, it is important that we do not end up in a situation where opening up opportunities for a minority of the brightest but poorest kids is somehow seen as the whole solution to inequality and social injustice in this country. The Minister rightly said that we are not expecting that every young person should go to Oxbridge. Indeed, we are not expecting that a majority of young people will go to university at all. We need a set of structural policies that improve and optimise the prospects of every child in this country. I am sure that is what Ministers want to achieve. I become concerned if we get too focused on the stellar performance of a few rather than concentrating on the best possible performance for everyone. It is important that, fundamentally, the commission take the latter approach in its work.

3.15 pm

My hon. Friend the Member for Westminster North, who takes a lot of interest in this subject, wants to make an important contribution about what is buried in the small print of the Government's proposals on how the new commission will work. I expect that she will want to talk about its expertise and access to resources for research, and the use that it makes of research evidence. She might also want to talk about the fact that the commission may not now be required to do any of those things at all—if its remit is now simply to be to report on the Government's progress in meeting measurements and targets, rather than critiquing the content and efficacy of the strategy, let alone advising on it, which the current legislation requires.

That concerns us because, far from weakening Ministers' responsibility by having the commission advise on the strategy, the current legislation actually strengthened the demand on Ministers. It meant that they were being given the best possible advice and, if a group of experts were saying, "These seem to be the best evidenced solutions to the challenges of inequality, poverty and disadvantage", it would have been very difficult for them to explain why they did not follow it. None of us who worked around the 2010 Act understood that the legislation was in some way designed to let Ministers off the hook—very much the reverse.

During our debate on the Minister's intention to bring forward this kind of amendment on Second Reading, she voiced concerns about how section 10 of the Child Poverty Act 2010 is expressed; she said that it does not make Ministers accountable enough because it suggests that they could avoid responsibility for the child poverty strategy and be let off the hook through consulting the commission, which would be responsible for creating the strategy. That is not the case. Section 10 says:

"In preparing a UK strategy, the Secretary of State must request the advice of the commission".

It does not say that he or she has to follow the advice of the commission, or do what it says regarding strategy. It simply says that, in setting his or her own strategy—for which, I would argue, he or she is accountable to Parliament and beyond—the Secretary of State is required to seek the commission's advice.

I am curious at the Minister's analysis of how the existing child poverty legislation is intended to act. When we lobbied for the passage of the legislation last year and the year before, it certainly was not our intention to let Ministers off the hook. On the other hand, if the Minister feels that we were giving her too easy a ride and she is willing to sign up for a tougher one, we would certainly welcome that. But if that is the case, why could we not have the best of the current and the new proposals? Why could we not both retain the obligation on the Secretary of State to seek the best possible advice from an expert commission, as provided for in the 2010 Act, and add to it the specific accountability that she now wants to place around Ministers in relation to being responsible for the development of the strategy?

Maria Miller: The hon. Lady is generous in giving way. I am interested in her comments. Those involved in drawing up the 2010 Act may not have intended the result of how they structured the role of the commission to be as I have mentioned. However, does she not agree that Ministers who were looking for that easy ride could have simply relied on the commission to provide the strategy? There was nothing stopping them from saying, "It didn't work. It was something that we were advised and given." What we are putting forward is that the commission would have exactly the opposite role, which is to hold the Government to account. That is what arm's-length bodies should do.

Kate Green: We have not, of course, yet seen exactly how tight the drafting of the 2010 Act has been in practice through any legal or political testing of how its provisions are interpreted by Ministers. I just take from section 10 of the current Act that the statement

"In preparing a strategy, the Secretary of State must request the advice"

is a pretty strong steer that it is the Secretary of State's strategy, that he or she is required to prepare that strategy and that simply to prepare a strategy and say, "I am only doing what I was told by a commission" would be a politically difficult argument for a Secretary of State to sustain. I do not think that it would be seen as being within the spirit or even, I venture to say, within the letter of section 10 of the 2010 Act. Of course, we have not seen that tested, as I say, and the Minister may disagree, but I would certainly be quite surprised if any Secretary of State in future sought to say that it was for the commission to determine the strategy and Ministers just to deliver it as required.

I am happy if Ministers are happy to take on explicitly more responsibility, both for the development, content and delivery of the strategy, and to be, as it were, audited as to their performance against their own strategy by the independent commission, which will provide a report to Parliament. However, I am concerned that it is not now clear to me where, in the revised proposals coming forward from Ministers, there is any requirement or possibility for the commission to say that the strategy that the Ministers have chosen is not good enough—that it is not the best available, not the best evidenced.

It seems to me that all the commission is able to say as a result of the new proposals is that a strategy for which Ministers are responsible has been achieved, even if it was a very thin strategy indeed. We are losing the opportunity for a real expert critique of the way the strategy is developed. Could we not have had the best of both worlds? If the Child Poverty Act 2010 is not strong enough, by all means let us strengthen it, but let us not unwind the bits of it that are already rather good and strong.

How does the Minister envisage the process of reporting and critiquing these reports in terms of the role of the new commission? The commission will be required to publish an annual report; I am anxious to understand how such reports will come to the attention of Parliament. What opportunity will there be to debate them and for what in the commission's reports will Ministers be accountable? What opportunity will there be to debate the content of the Ministers' strategy and not just the performance against the content that they themselves have set? I hope that, when she responds to the debate, the Minister can tell us a bit about that.

I am also very concerned to note the provision that the commission must advise on the extent to which poverty measures have been achieved only on request from Ministers. I apologise, Mr Gray, that I cannot find the reference to that now in the detailed provisions of

the draft clause, but I certainly noticed it when I looked through the provisions earlier. I am concerned that the commission might be left able to do absolutely nothing. It has no obligation to advise on the strategy and there is no obligation to have its advice on what ought to go in the strategy, if it chooses to give such advice, accepted by Ministers. Now it seems that even though Ministers expect it to report on whether they have achieved the strategy, that seems to be only on request.

Charlie Elphicke (Dover) (Con): My understanding of the schedule is that 8(a)(i) says that the commission must, on request, give advice to the Minister, but that is a special case; what is really going on is that, under 8(b), each year there will be an annual report in which things will be reviewed, setting out quite clear goals. It is a case of the Minister saying, "This is the particular issue. Please can you advise me?" That strikes me as eminently sensible.

Kate Green: Perhaps that is the reassurance that we need on the record. I hope that the Minister will repeat the hon. Gentleman's interpretation of the new schedule. We are seeing a shift of focus in relation to the commission and its capacity to enrich the development of policy on child poverty and social mobility from what was envisaged and provided for by the 2010 Act. The issue is of concern not only to me and my hon. Friends, but to the many lobby groups that worked on the development of the legislation a couple of years ago.

Jane Ellison (Battersea) (Con): The hon. Lady is making another of the erudite and wide-ranging speeches that she has made over the past couple of months in Committee. I have enormous respect for her knowledge and experience. My question is a genuine one. She talks a great deal about the responsibility of Ministers, the Government and various Executive agencies for alleviating child poverty and improving social mobility. Where does she think the balance of responsibility for those things lies between parents, as they plan to have a family, and the Government?

Kate Green: I am tempted to spend the rest of the afternoon on what is becoming—regrettably, from your point of view, Mr Gray—a wide-ranging debate. I will say two things to the hon. Lady. Of course parents have responsibilities for their children, but they can be effectively exercised, to some degree at least—I would say to a not-inconsiderable degree—only if the infrastructural policies are in place to support them in meeting their parenting role. For example, if our education system is not designed to enable parents to put their children through the best quality schooling, that is not something that they alone can address. They need state action to level the playing field and offer the opportunity.

Secondly, it is important not to think that parents are having children irresponsibly and then finding themselves carelessly unable to provide for them. I do not think that that is what she was suggesting, but it is sometimes a populist perception to say, "Why are they having these kids that they can't afford?" Family circumstances can change suddenly and dramatically. Parents might choose to have children at a time that they feel is right for them, only to see jobs lost, illness strike, relationships break down and so on.

Sometimes people bring up children in very difficult circumstances as a result of those traumatic changes. Even so, I suspect that no member of the Committee would want to undermine, in any way, people's right to fund a family, nurture their children and enjoy the human experience of parenting and family life. I do not think for one moment that the hon. Lady was going to suggest that, but it is a public prejudice that one comes across. I am sure that she has come across it from time to time, and I am grateful for the opportunity that she has given me to put that on the record.

My hon. Friend the Member for Westminster North wants to contribute on many elements of the detail of the proposals, so I shall conclude by saying that I do not object conceptually to the way in which Ministers are seeking to draw together social mobility and child poverty policy. Indeed, I see some opportunities and strengths in doing that in an intelligent, well informed and ambitious manner, which is what I hope Ministers will do.

I am concerned, however, that the detail of the legislation serves to water down, rather than tighten up, some of the obligations and quality of the policy development that Ministers would be obliged to achieve under the present legislation. If that is the case, or if there is a perception that it might be the case or that the climate for policy making will change—or if there is an implication that, if not this then future Governments need not take the issue so seriously—there would be cause for great concern.

Ministers have assured us repeatedly in a range of announcements since May 2010 that child poverty will be unaffected by the welfare reform measures. I am a little sceptical about that claim. Even accepting it at face value, that will not be good enough. We need to know how Ministers are going to meet the obligation in the Child Poverty Act 2010 to eradicate child poverty. That does not mean getting it to zero, because we have a strange definition of eradication in the Act, under which 10% of children in poverty would be regarded as an achieved result. We want Ministers to come up with specific, concrete and timed proposals to work systematically towards and ultimately to achieve the goal of ending child poverty by 2020. It is an ambitious and stretching goal, which my party struggled with, but which I would say, as an outsider looking in at the time, it struggled with honourably when in government. I am sure the Minister will want to take this opportunity to reiterate her party's commitment to that goal.

3.30 pm

Charlie Elphicke: I rise briefly to welcome the schedule and to underline why child poverty is so critical. The period of the previous Government was a game of two halves. In the first half, Tony Blair was broadly in control of the Government in a meaningful way and kept spending under control; a lot of progress was made on child poverty. The problem came in the last Parliament when the last Prime Minister had greater control over the levers of power, spending and the economic and wider affairs of the nation, and progress was not as good.

There is a long, drawn-out debate over whether one should look at child poverty before or after housing costs. I think after housing costs is the better measure. I know I am at variance with the leaderships of the parties, which, for some reason, like to quote before

[Charlie Elphicke]

housing costs figures. I think after housing costs is a better measure because, at the end of the day, one cannot have a family growing up in a shed or a remote field; they have to live somewhere and there is a cost attached to that. That has always struck me as self-evident.

When one looks at the figures from 1997 to 2002-03, one sees real progress on the 60% median measure, and credit should be given where it is due. Child poverty fell from 4.4 million to 3.9 million, but after 2004-05, when it reached the bottom, the picture changed and things went awry. Since then—effectively, in the period of the last Parliament—child poverty overall has risen by a couple of hundred thousand on an after housing costs basis on the 60% median.

Kate Green: I sympathise with the hon. Gentleman's argument. What will be the likely effect on after housing costs poverty of the Government's measures on support for housing costs through housing benefit?

Charlie Elphicke: I anticipated that question. As I have said, I believe that the market in rents has been driven up by excessive housing benefit that was not properly controlled or constrained, and that reform of housing benefit will bring rents down to a more affordable level over time, rather than support vast swathes of buy-to-let landlords. I hope to see more people owning their own home. One of the unsung revolutions under the previous Government was the explosion of buy-to-let landlords and the reduction in the number of people who own their own home. I regret that.

In the previous Parliament, progress on child poverty was not as good as it could have been and much progress that had been achieved was lost. I recognise that the Act passed in the dying days of the previous Government was a kind of push back into re-emphasising that something needed to be done and that more action was needed.

I particularly welcome the Child Poverty Commission, because it is not just a question of passing an Act of Parliament, ticking boxes or talking about it, but of real action—really looking into the issue. It is about not just listening to lobby groups, which push their particular view and particular agenda, but having a panel of experts taking a considered view of what can be done and having a sensible dialogue with Ministers. One does not want that commission to be like the Home Office drugs advisory group, which ended up in fisticuffs between Ministers and commissioners. One wants a sensible dialogue and a two-way street where Ministers get the best possible advice, so that they can draw up the strategies and policies that will achieve the great progress we all want to be achieved.

All too often, debates about poverty focus on child poverty, but we should remember wider poverty, which includes working-age poverty. I accept that the previous Government made some real strides on pensioner poverty, but working-age poverty was more of a struggle. There was some progress from the beginning of 1997, but thereafter the numbers rose quite strongly from 6.5 million on the 60% median in 2001-02 to 7.9 million in 2009-10. That is a matter of great concern, especially when seen alongside the reduction in social mobility. The result is a situation in which someone to the manor born at the beginning of their life will probably still be to the manner born at the end of it. My preference is that more people should be to the manor brought. That is the better way to go.

Sheila Gilmore (Edinburgh East) (Lab): I am interested in this statement about social mobility in relation to a short time scale. Although there is some evidence that compared with the 1950s, 1960s, 1970s, social mobility appears to have stalled, if we are talking about people's life span, what has happened in the past 10 years to people's social mobility is likely to have been determined by things that happened to them in the 20 years previously, not in the years immediately surrounding when the measurement was taken.

The Chair: Order. Before the hon. Gentleman answers that intervention, may I ask that we return our thoughts to the precise nature of the schedule under consideration and what the commission will do, rather than discuss the broader canvas? I have been fairly generous so far, but we should get ourselves back to the matter under discussion.

Charlie Elphicke: I wish I could respond to that intervention, Mr Gray.

The Chair: Some other time perhaps.

Charlie Elphicke: Indeed. Perhaps that is a good way to pass off the lack of success in social mobility and the commission's work over the past 10 years.

In establishing the social mobility side of the commission, it is important to look at how working-age poverty has been rising. The persistence of poverty has been set out in the recent "Households Below Average Income" report, where we can see that it has been regrettably quite high both for children and for working-age adults. It is important to remember that.

In the context of social mobility and the work that the commission will undertake, we should consider the point made by the hon. Member for Stretford and Urmston, that all too often as a society we concentrate on the glamorous idea of the person brought up on a council estate who goes on to become a captain of an industry—on the ladder of life, going from the rung one to rung 100. That is important and it is great when it happens; we all love it and we can all celebrate it. It is a fabulous thing to see and we wish that everyone could do that, but sadly those cases are rare and will always be so. Persistence and brilliance play a part, but so too does luck. Far more common is someone going from rung five—working on a checkout in their local Tesco—to rung seven or eight, which is being a secretary in the workplace.

Small improvements in jobs and the money they pay, and the small steps forward that increased skills, education and career progression can bring, are the most likely form of social mobility, and they happen on a far wider scale. If we can make them happen, we can, I hope, lift more people out of poverty and grow our economy more quickly. When we look at social mobility, we should consider how we can cast the net as widely as possible to ensure that the maximum number of our fellow citizens have the opportunity, ability and open access necessary to progress in their lives and do well.

I welcome the schedule as a positive step forward. The establishment of the commission is a fine thing, and I hope that it will be successful in providing great advice to Ministers in order to reduce child poverty, increase social mobility and give more people chances in life.

Ms Buck: That was a rare and unexpected meeting of minds across the room. The hon. Member for Dover made the important point that debates on social mobility tend to focus on the extremes and exceptions. We touched earlier on access to Russell Group universities for children who are eligible for free school meals. He is absolutely right to say that such examples are not the heart of the social mobility debate. Lovely though it is to hear stories of dramatic, life-changing progression, they can sometimes obscure much more important and wide-ranging truths about how people make continuing progress in life, not necessarily from the most desperate and abject poverty but from relatively modest backgrounds. The media often take us down that path, but it is critical that the social mobility debate becomes much broader.

Where I diverge from the hon. Member for Dover and the Government is on their tendency to segue the whole debate about social mobility into the debate on poverty, particularly child poverty. They are distinct and different agendas. Although I would not give up my body to be burned in opposition to introducing social mobility to the scope of the Child Poverty Commission, like my hon. Friend the Member for Stretford and Urmston, other Opposition Members and many of the excellent and expert voluntary and charitable bodies working in the field, I think there is a risk of diluting the core focus on income, which is the task given by the Child Poverty Act 2010 to the Child Poverty Commission.

We should remember, as the Labour Government between 1997 and 2010 certainly did, that income is an important but insufficient condition to tackle poverty. To be absolutely fair to that Government—Conservative Members are not always fair—the history of those years up to the recession included not only important changes to the tax and benefits system and a strong emphasis on employment, but all the work of the social exclusion unit and the measurements contained in the annual "Opportunities for All" document, as well as a swathe of other measures, from the early years agenda and the national child care strategy through teenage pregnancy, anti-drugs and rough sleeping strategies and early intervention for parents and families. We all agree with the hon. Member for Battersea, who said that family support and parenting play a critical role in tackling poverty. Those things might not have been done perfectly—we can all be ruthlessly self-critical about our Governments, and I hope that the same degree of self-criticism will be applied by Conservative Members, in the interests of the communities that we serve—but it cannot be argued that during those years there was not a much broader concept of poverty reduction, and indeed social mobility, across a range of Departments.

As my hon. Friend the Member for Stretford and Urmston said, the 2010 Act incorporated four key measures of poverty: relative poverty, absolute poverty, persistent poverty and material deprivation. It considered poverty in a way that was much more rooted in a wide range of economic and social characteristics. It is as a consequence of the strategy that the Labour Government adopted in that broader definition and, above all, the tax and benefits changes they introduced, that there was a fall of about 25% in poverty.

3.45 pm

We did not meet our target, however, and that is one thing that we must be self-critical about. The target was staggeringly and jaw-droppingly ambitious, and many of us who heard the first announcement of it back in 1999 felt it to be so. None the less, the achievements were very important. The achievement in the last year of the Labour Government—2009-10—has been reported on by the Institute for Fiscal Studies since this Committee began its deliberations. The IFS confirms that 200,000 children were lifted out of relative poverty in that last year of the Labour Government, 100,000 after housing costs. In fact, a total of 500,000 households were lifted out of poverty in that last year of the Labour Government. Although the record of the Labour Government can of course be criticised, that achievement is an important one and we are rightly proud of it. We will be extremely rigorous in our scrutiny of the Government's future record to ensure that that progress is maintained and, preferably, built on.

We have some concerns, not only because of the amendments to the Child Poverty Act 2010 in the schedule but because of the underlying thrust of the tax and benefits changes being made. It is promised that universal credit will lift 350,000 children out of poverty. We hope that that is true and we want it to be true, but of course we know that this is happening the context of an £18 billion reduction in tax credits and benefit support before universal credit comes in. That reduction will set the baseline and it is why the IFS, in its report on poverty and inequality, says of the amendments to the 2010 Act:

> "There are sensible reasons for broadening measures of poverty beyond those based purely on income. However, it is doubtful whether these policies will be enough to meet the extremely ambitious targets, particularly given the significant cuts to benefits, tax credits and public service spending planned in the years ahead."

A great deal rests on universal credit. We want it to succeed, but we also want to ensure that Parliament and, through Parliament, the media and the wider public are able to hold the Government to account. We have to be able to scrutinise and challenge the Government's record effectively, so that if there is a deviation or drifting away from the objectives, we can say to the Government that something is going wrong and action must be taken to strike a better balance. My hon. Friends and I tabled the five amendments in the group because we are genuinely concerned that the Government amendments to the 2010 Act will weaken the degree of scrutiny and accountability that the new child poverty and social mobility commission will be able to apply to the Government's record and achievements in the future.

We have already had a bit of to-ing and fro-ing between the Minister and my hon. Friend the Member for Stretford and Urmston about the first amendment and the extent to which the Minister or the commission are accountable under the Child Poverty Act. The Minister suggested that the way that the Act is worded means that Ministers could pass off responsibility for their strategy to the commission. Many of the organisations

in the field of child poverty feel that that is not the case and that the commission is more likely to end up being constrained in its ability to monitor and challenge the Government if the Government amendments are made. As my hon. Friend said, we are concerned that the Government's proposals are constructed such that, although the commission will be able to report on the progress of the Government's strategy, it will be less able publicly to critique the content, quality and effectiveness of the Government's strategy, to point out where it is ineffective or deficient, and to advise how it could be improved to better meet the requirements for the strategies under section 9 of the 2010 Act. However well intentioned the Government's case, as set out by the Minister, a practical implication is the risk that the commission will not be able to step up to the plate and report as effectively as we want it to.

Unfortunately, there is a long history of messages being sent out in legislation whereby supposedly independent arm's length organisations feel constrained, even if that is not explicitly stated. In the present case, they feel that the Government are requiring them to act in a more tightly circumscribed way than was the intention under the 2010 Act. I want the Minister to tell us more about why she is so confident that the commission's advisory role will be strengthened, rather than weakened, as we and child poverty sector fear.

New clause 14 is designed to restore the phrasing of the 2010 Act in respect of the expertise of the commission. I want the Minister to tell us a little more about why the wording has changed in a way that makes it at least possible that the membership of the commission will not be necessarily drawn from a panel with expertise in policy, research and direct work with children from families where there is child poverty. In her view, what expertise should the commission have to fulfil its work effectively?

3.52 pm

Sitting suspended for a Division in the House.

4.10 pm

On resuming—

Ms Buck: We were discussing the range of amendments that we have tabled to deal with the key changes that the Government have introduced to the Child Poverty Act 2010, and I was talking in particular about the expertise on the Child Poverty Commission and the fact that the Government new schedule removes the requirement in the Act to ensure that members of such a commission have that level of expertise. Poverty being the subject that it is, and not wave particle physics, there is sometimes, with the best will in the world, the expectation that people who do not come from a background that gives them the policy or statistical knowledge to make a meaningful contribution can be brought in to advise on poverty.

Those of us familiar with public policy changes in the 1980s will remember that bringing people from other backgrounds into public life resulted in some strange appointments. There was an expectation that all skills were transferable, and I remember that ex-Army officers were brought in to run the national health service—the director of my own mental health trust was a bomb disposal expert. It is assumed that people with management expertise in one area of life will simply be able to move in and provide expertise and skills in another. Because of the importance of the commission's holding the Government to account and scrutinising them, it is absolutely essential that the pool of skills is not diluted and that members of the commission are drawn from a range of backgrounds and bring real and rigorous expertise to bear.

Amendment (c) addresses consultation and the devolved Administrations, and would reinstate the requirement that the chair, the Scottish and Welsh Ministers and the relevant Northern Ireland Department were consulted by the Secretary of State in making appointments to the commission, including that of the deputy chair. It would enable the chair and the devolved Administrations to use their knowledge and experience to advise the Secretary of State on which individuals could best carry out the required duties. Although the devolved Administrations can directly appoint a commissioner, as the Minister has again confirmed, we do not believe that that in itself is sufficient to ensure that, taken as a whole, the commission can reflect all the factors that might be particular to the United Kingdom countries and regions. In her response, can the Minister tell us how she sees the appointments being made and how we can ensure that the broader interests of the entire UK will be reflected in the commission? If the chair, the deputy chair and the devolved Governments are not required by the Bill, as they were by the 2010 Act, to be consulted, from whom will advice be sought?

On the resources that are necessary to allow the commission properly to scrutinise the work of Government and to introduce proposals and challenges to the Government when they do not meet their obligations, the 2010 Act made it clear that the commission could commission its own research on child poverty, its impact and its solutions, and have access to independent research to fulfil its duty. Without the amendment, on the face of it, the commission would have to rely on existing Government research. Although there is a considerable body of information and evidence collected by Departments that the commissioners can use, the research is often instrumental and is frequently reactive to existing policies rather than being forward looking, developing new ideas and testing them as a means of contributing to shaping future Government policy.

The amendment seeks to restore the Child Poverty Act status quo, to enable the commission to have the power to request research in areas that have not already been fully explored by Government or where existing data do not provide the most pertinent information. How does the Minister see the new commission amassing the necessary expertise in measuring socio-economic disadvantage, social mobility and child poverty? How does she envisage the commission's having the requisite expertise to hold the Government to account for progress towards the 2020 targets? Is it the intention, even if it is not actually in the Bill, to allow the commission to carry out its own research, or to allow the Government to be commissioned to carry out research, specifically and without alteration, at the request of the commission? What would happen if the commission wanted to carry out a piece of research or collect data, but the Government did not feel that was necessary? Is there a risk of building in the potential for a conflict between the Government and the commission?

4.15 pm

Finally, we have touched on annual reports and the Minister has made it clear that the intention is to produce them. However, there is still a question about whether they are reports by the commission that simply advise the Government—and through the Government potentially Parliament—on progress towards the child poverty targets, but do not necessarily allow the commission to comment on what measures and aspects of Government policy are not progressing the Government agenda when there is a disagreement about the effectiveness of Government policy in delivering the targets. Therefore, although the commission's annual reports are clearly valuable, that does not mean that the Government should be precluded from producing their own report to Parliament, explaining their response to what the child poverty and social mobility commission will require of them.

Amendments (a) and (e) deal with the real dilemma in ministerial accountability and the differences in accountability between what is expected of the commission and the Government's own responsibility. All five amendments, almost entirely and in terms of a story, address what was in the Child Poverty Act before to the Government's proposed changes. Those changes cumulatively create a sense of weakening the structure of accountability and the Child Poverty Commission's capacity properly to hold the Government to account and to roam more widely in terms of understanding and reporting to Parliament on child poverty. All that is apart from our concerns about a dilution of the child poverty focus through the introduction of the concept of social mobility.

The End Child Poverty coalition—I know that the Government appreciate and value enormously the contribution and expertise that the various constituent organisations bring to the table—is deeply concerned about the extent to which the new schedule removes what it feels to be important checks and balances in the Child Poverty Act. Even if the Minister is sincerely committed—I have no doubt that she is—to ensuring proper scrutiny of Government progress, it means that there will not be the protection in future. Therefore, based on practical experience of politics over the decade, I am afraid that there is a real risk that the consequence will be a future Government being able to marginalise the commission's work and not being held to account in the way that we sought to make possible when we introduced the Child Poverty Act. I look forward to hearing the Minister's responses, but I advise that, unless there are very concrete assurances, we would like to test the opinion of the Committee.

Maria Miller: When I introduced the Government amendments, I set out our plans for the social mobility and child poverty commission. I would like to respond to some of the points about those amendments and Opposition amendments, and address some of the matters raised by the hon. Member for Westminster North about checks and balances.

I thank the hon. Member for Stretford and Urmston for welcoming—I think—the commission's expanded remit, although it might not be welcome to all Labour Members. It is important for the Committee to know that the consultation that we held earlier this year expressed a clear view on extending that remit. The view was overwhelmingly positive: only 6% of respondents to our consultation said that the remit should not be broadened. Indeed, the consultation yielded more responses than the original one for the Child Poverty Act 2010, which will perhaps show those who watch the debate closely and take a great interest in it that the current situation is an improvement on what we inherited.

Sarah Newton (Truro and Falmouth) (Con): Does the Minister recall that, when she introduced the changes in the House, and during the Opposition day debate on Sure Start, the right hon. Member for Birkenhead (Mr Field) said how important it was, from all his years and his considerable experience of working on the subject, that we should broaden the remit beyond measuring only financial poverty?

Maria Miller: My hon. Friend is absolutely right. The broader remit will help us tackle the root causes of poverty rather than simply focusing on income, which was probably more the approach of the Opposition when they were in government.

The hon. Member for Westminster North suggested that there is a risk of dilution in our approach. That was only a suggestion; I do not think that she would be overwhelming against the extended remit of the commission. However, her view is not shared by the vast majority of people to whom we have spoken or who have contributed to our consultation. I hope that that will perhaps give her cause to pause and reconsider her view.

The hon. Lady asked me to reiterate the point—I hoped I had made it in my initial contribution—about our changes and how they will affect the commission's ability to do the job that we want it to do. I have to say that our changes are all about strengthening, not weakening, the commission. The Committee may be assured about that for three prime reasons. First, we are broadening the commission's scope to include social mobility, which will set child poverty issues in a broader context and make us more able to address them in the long term and not just the short term.

Secondly, we are driving through a strong ministerial responsibility for the child poverty strategy, and not leaving the door open for future Ministers to rely on a commission to provide them with answers. I understand Opposition Members' point that that was never their intention, but if they look carefully at the Child Poverty Act 2010 as it currently stands, they will see that there is the opportunity for that to happen, and we want to close that down.

Thirdly, we firmly believe that we are baking accountability and transparency into the heart of the commission. At the moment, the commission cannot comment on the extent to which its advice is heeded or on whether strategy is effective. We want to change that fundamentally, and enable the commission to set out its views on the progress that the Government make, thereby allowing both analysis and assessment. That will not just be a comment about progress made; it will be about looking at and analysing the effectiveness of the interventions that the Government set out in the strategy. It will fundamentally strengthen the commission's role and its ability to play an active part in the child poverty strategy.

The hon. Members for Stretford and Urmston and for Westminster North raised several other points, which I will mop up in a general set of questions, if I may. The

[Maria Miller]

hon. Member for Westminster North talked about shifting the commission's focus. I think that I have just set out that that is entirely our objective although we do not want to shift the focus away from child poverty, which may well have been at the heart of what she was talking about. That is because we believe that child poverty and social mobility go hand in hand and by addressing both of them in one commission, we think that we will emerge with much stronger accountability.

The hon. Member for Stretford and Urmston said that child poverty and social mobility were about more than simply welfare reform. I understand her point. However, I assert very strongly that the real impact that the Bill will have on child poverty should not be underestimated by her or any other Labour Member. We are setting out a programme of change that will have a significant effect by raising 350,000 children out of poverty. That programme will be a driving force in the Government's work on child poverty in the years to come.

Of course, that programme takes place in the context of the broad range of measures that the Government have already set out to deal with the root causes of poverty in the long term. They include our approach to improving life chances and ensuring that we create more stable families, as well as our work in the Department for Education on early years education and the poverty premium that has already been announced by my hon. Friends in that Department. All those measures will ensure that the Government take on the very important issue of child poverty and make a real difference to children's lives.

The hon. Ladies also pressed the Government on several other issues, particularly targets. I want to take this opportunity to ensure that the record is very clear that we remain committed to the income targets, including the target on relative poverty. The commission is also looking at social mobility and considering how we will achieve our aims in that field. We know that tackling child poverty is not just about lifting people over an arbitrary income line, and we have therefore made sure that our child poverty strategy establishes a broader set of measures. Although the Child Poverty Act 2010 did not refer to issues beyond income, the focus under the previous Government was on a narrow set of targets that led to quite vast sums of financial support being given out, particularly in tax credits, without fundamentally changing the causes of poverty. We need to ensure that there is a balance, with consideration of both income and other factors. Our child poverty strategy sets out a suite of indicators to ensure that we are focusing on the right policy levers. I hope that that reassures hon. Members of our real commitment to tackling these issues.

The hon. Ladies also referred to the latest households below average income figures, which showed a reduction of about 200,000 in child poverty. It is important to ensure that the Committee reflects on the broader context of those figures. Obviously, they show a very welcome fall in the number of children living in poverty, but they also clearly reflect one of the fundamental problems that we have about the last Government's approach to child poverty.

When we look closely at the figures that show falling child poverty, we see that they are mainly due to the higher rating of benefits and only a modest increase in earnings, as well as some quite considerable tweaks to the benefit system, particularly increasing the child element of child tax credit by £75 above indexation and introducing the child benefit disregard in housing and council tax benefits. On top of an already huge investment of well over £150 billion since 2003-04, that shows that the previous Government were far more focused on using taxpayers' money to change the figures than doing what we in the coalition Government are trying to do, which is to combat the deep-seated social problems that keep families and children in poverty. We believe that that is an important and clear difference in this Government's approach to this important issue.

4.30 pm

The hon. Member for Westminster North characterised the Government's position as helping the few, not the many, saying that it was the exception, not the rule, that we were helping people out of poverty. My hon. Friend the Member for Dover made a very thoughtful contribution about that element—it is about giving everyone the opportunity to succeed. I urge the hon. Lady to reflect on our strategy, because we believe strongly that everyone should have an equal opportunity to work, to get the job that they want or to reach a higher income bracket, and it is a crucial part of our strategy that that opportunity is given to every young person in this country. That is our approach, and it is not about focusing only on those who can become the high achievers in this world.

There has been a great deal of debate about the role of the new commission's reports. That issue was raised by the hon. Members for Westminster North and for Stretford and Urmston. I want to underline the fact that, in our view, the report will provide the commission with a clear opportunity to set out its views on the progress that the Government make. It will be not a passive report or simply a commentary, but an active critique of what the Government achieve. It will give the commission a clear opportunity to analyse and assess the progress that is made.

The hon. Ladies asked whether the report would be laid before Parliament and how that process might work. We made it clear in our amendments that the commission's annual reports will be laid before Parliament, and as with Select Committee reports, we expect that the Government will respond to each report. Of course, as well as the Government's written response, hon. Members will have the usual opportunities to initiate debates on the reports either through the Backbench Business Committee or, indeed, in Westminster Hall. I hope that that covers some of the detailed comments made by the hon. Ladies.

I now turn to the specific Opposition amendments. I hope that I can reassure Opposition Members that the checks and balances that they are striving to ensure remain in place will be there and that their amendments are not required to reinforce that further.

Amendment (a) would allow the commission to set out what it thinks the most effective strategy to end child poverty would be and then to assess the progress that has been made against that strategy, rather than against the published Government strategy. It took me a little while to get my mind around what Opposition Members were trying to do with that amendment, and I think that I have picked up its thrust from what the hon. Member for Westminster North said in introducing it.

We firmly believe that the strategy-development role is a job for Ministers, not unelected bodies. The new commission's role is to provide accountability and transparency, not strategies, by publishing a regular, independent assessment of whether the Government are delivering against their strategy. The commission cannot do that if it continually has to measure progress against a strategy that is different from the Government's. Indeed, that could cause a great deal of confusion, both in the mind's eye of hon. Members and in those of the outside world.

Moreover, in any given year, the commission would be required to assess progress against the combination of published UK and devolved Administration child poverty strategies that were considered the most effective, even if they were actually out of date, rather than having to assess progress towards the most recent UK and devolved child poverty strategies. That would cause a great deal of extra work, and I am not sure exactly what the point would be. Clearly, that would prevent the commission from reporting most effectively on the most recent strategy and thus providing time and accountability.

Given that Opposition Members have heard our clear commitment to giving the commission an active and effective role, I hope that they understand why we do not think it appropriate for the commission to undertake that other role as well; it would not, perhaps, be the best use of its time or resources.

Amendment (b) would retain the statutory duty on Ministers when making appointments to the commission to have regard to the need for the commission to have suitable policy expertise in research and practice in the field of child poverty and to reflect the coalition Government's new approach to social mobility. The hon. Member for Westminster North set out clearly the importance of having the right people for the job. She is absolutely right. It is, of course, absolutely right that we want to ensure that the people on the commission bring the very best expertise and scrutiny to the role.

Clearly, the new commission would require a balance of expertise to reflect its new accountability role, but—this is probably a fundamental difference between the hon. Lady and me—I simply do not believe that it is necessary to legislate for that. It would not be possible for us to constitute a commission without having the right people with the right expertise in the job; it could not perform its functions properly. I can assure hon. Members that, in appointing the commission, Ministers will be fully committed to creating a commission with a combination of expertise that allows it to perform those stated functions. We do not believe that we need to further restate such things in legislative form. I hope that the Committee can accept my reassurances on the constitution of the commission.

Amendment (c) would retain the statutory duty for UK Ministers to consult the commission's chair and deputy chair, Scottish and Welsh Ministers and the relevant Northern Ireland Department on all appointments to the commission. As I pointed out earlier, the commission will continue to have a UK-wide remit, as it does under current legislation, with a member appointed by a Minister for each of the devolved Administrations. The new commission's report, which we have already talked about, is intended to have the same coverage of the devolved Administrations as the reports currently required from the Secretary of State. Both the current report and the proposed commission reports are required to cover the steps taken towards implementing the strategies produced by the devolved Administrations.

I therefore hope that I can reassure the Committee that all those measures make it clear that the devolved Administrations' interests are properly represented on the commission and that it is not necessary for UK Ministers to consult devolved Administration Ministers on every appointment to the commission. Their interests will be represented through the measures that I have outlined.

Under amendment (d), the commission would have the right to request Ministers to commission research on their behalf. The hon. Member for Westminster North outlined her reason for the proposal. First, as an advisory non-departmental public body, the commission does not have the power under the current legislation to commission its own research, nor to require the Government to commission research on its behalf. It can request the Government to do so, and if the Government choose not to, they must explain why. We believe that the provision to request research is no longer necessary because the commission will not have the initially set out advisory role in the development of the child poverty strategy, so the commission will have no need to access new research for the purposes of developing policy or strategy.

Kate Green: Does the Minister accept that that is a weakening of the scrutiny process? It will no longer be possible to guarantee independent, research-based assessment of the efficacy of the Government strategy at any point in the process.

Maria Miller: I disagree with the hon. Lady. The commission will have every opportunity to provide an independent assessment of the Government's progress in achieving their objectives. It will have access to the data and research evidence available in government, as well as to analytical support from the relevant Departments. For the commission to have such support is entirely right. We feel that new research would not be an integral requirement given the new role. Instead, the Bill will require the commission to produce annual reports, and we expect it to draw on a full range of available research and evidence in producing those regular reports.

Harriett Baldwin (West Worcestershire) (Con): Just as the Select Committee on Work and Pensions recently reviewed the chair of the Social Security Advisory Committee, the Select Committee could also review the appointment of the commission's chair.

Maria Miller: I thank my hon. Friend for her suggestion. We would certainly consider such a review. I need to ensure that it would be in accordance with the procedures that are right for such processes, but I thank her for the recommendation.

Returning to the point made by the hon. Member for Stretford and Urmston about the need for new data, if the commission needed to access new research to carry out its role, the new legislation will enable Ministers to provide it with the resources that they might determine are required in the exercise of its functions. We are not blocking the option; we just think that it is less likely

[Maria Miller]

given the change of role. Whether the Government need to commission additional research to fill the gaps in the evidence will be a matter for the commission and Ministers, as it is now between non-departmental public bodies and Ministers. It will be discussed in the usual way.

Amendment (e) would require the Secretary of State and the commission to produce annual progress reports—for both to do the same thing. The purpose of transferring responsibility for the annual progress report from the Secretary of State to the commission is to improve accountability. Regular, independent statutory reports, which must be laid before Parliament, will provide the highest level of transparency and accountability of the Government's progress on reducing child poverty and improving social mobility.

The commission's report is intended to have, essentially, the same content as the reports currently required from the Secretary of State. Both reports must cover the progress towards meeting the child poverty targets, the steps taken towards implementing the UK strategy and the strategies produced by Scotland, Wales and Northern Ireland, as well as overall progress towards the goals of reducing child poverty and improving social mobility.

A report from the Secretary of State covering the same content as the new commission's report would be an inappropriate use of resources—such duplication would not give the value for money expected by taxpayers in difficult fiscal times—but there will be value in providing a Government response to the annual reports, and we expect that the Government will respond to each commission report, as with Select Committee reports. I have already given the commission an undertaking that that will be the case.

4.45 pm

I hope that the Committee can accept my reassurances on the broader issues raised by hon. Members and the specific comments about the Opposition amendments.

Amendment 290 agreed to.

Clause 136, as amended, ordered to stand part of the Bill.

Clause 137 ordered to stand part of the Bill.

New Clause 13

INFORMATION-SHARING FOR PREVENTION ETC OF TAX CREDIT FRAUD

'(1) Section 122B of the Social Security Administration Act 1992 (supply of government information for fraud prevention etc) is amended as follows.

(2) In subsection (2)(a), after "social security" there is inserted "or tax credits".

(3) In subsection (3)—

(a) in paragraph (b), after "1995" there is inserted ", the Tax Credits Act 2002",

(b) in that paragraph, the final "or" is repealed, and

(c) after paragraph (c) there is inserted "or

(d) it is supplied under section121 of the Welfare Reform Act 2011."'—*(Chris Grayling.)*

Brought up, and read the First time.

Chris Grayling: I beg to move, That the clause be read a Second time.

The new clause extends the powers of the Department for Work and Pensions to receive information from other Government Departments. At present, section 122B of the Social Security Administration Act 1992 allows the Department to receive from other Departments information relating to

"passports, immigration and emigration, nationality or prisoners".

One reason why section 122B allows Government Departments to share that information with the DWP is to prevent, detect, investigate or prosecute social security benefit offences.

The new single fraud investigation service, which will operate within the DWP from April 2013, will take on responsibility for investigating all social security benefit and tax credit fraud. To make sure that the new single fraud investigation service can receive all information that is or might be relevant to a tax credit offence investigation or prosecution, we want to extend section 122B to cover tax credit offences.

In addition to extending the legislation to include supplying information for the purpose of dealing with tax credit offences, the new clause amends the existing limitations placed on the DWP in respect of disclosing information, to make sure that the Department can disclose the information received in appropriate circumstances. By "appropriate circumstances", I mean criminal or civil proceedings under the Tax Credits Act 2002, or sharing it with Her Majesty's Revenue and Customs under the data-sharing power in clause 121 of the Bill. That is particularly important, because I have recently been told of a local fraud investigator who was unable in law to pass information about an alleged tax credit fraud to HMRC because of the data protection rules that exist between the two Departments. I hope that that will now change as a result of the Bill's measures.

The new clause helps support the introduction and effective operation of the single fraud investigation service. It takes a consistent approach with clause 117, which extends existing DWP powers to investigate social security offences to include tax credit offences. The new clause should also be viewed in the context of clause 119, which extends the existing offence of unlawful disclosure of personal data by DWP staff to cover any tax credit information they receive during their employment. The new clause therefore reflects and supports other clauses that the Committee has discussed already. It also supports the overall policy intention that a single service, dedicated to the investigation of all social security and tax credit fraud, will be the most effective and efficient way of dealing with such fraud in future.

I apologise for the late introduction of the new clause, but, as shadow Ministers will be aware, elements sometimes need to be added at a slightly later date. This is one such case. I hope that that will not be a problem for the Committee.

Question put and agreed to.

New clause 13 accordingly read a Second time and added to the Bill.

New Clause 14

RECOVERY OF FINES ETC BY DEDUCTIONS FROM EMPLOYMENT AND SUPPORT ALLOWANCE

'(1) In section 24 of the Criminal Justice Act 1991 (recovery of fines etc by deductions from benefits)—

(a) in subsections (1) and (2)(d) the words "income-related" are repealed;

(b) in subsection (4) the definition of "income-related employment and support allowance" is repealed.

(2) In Schedule 3 to the Welfare Reform Act 2007 (consequential amendments relating to Part 1), paragraph 8(b) is repealed.

(3) The repeals made by this section have effect as if they had come into force on 27 October 2008.'.—*(Maria Miller.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 17

SOCIAL MOBILITY AND CHILD POVERTY COMMISSION

'Schedule (Social Mobility and Child Poverty Commission) amends the Child Poverty Act 2010 for the purpose of establishing the Social Mobility and Child Poverty Commission.'.—*(Maria Miller.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

MATTERS TO BE CONSIDERED BEFORE THE IMPOSITION OF A SANCTION OR PENALTY

'(1) In respect of the imposition of a sanction under the Jobseeker's Act 1995 or any other provision or in the case of a penalty imposed under section 115C of the Social Security Administration Act 1992 the Secretary of State or an authority shall consider—

(a) evidence of the physical condition of the claimant and his or her state of health;

(b) evidence of the psychological state of health of the claimant;

(c) evidence relating to the means and income of the claimant;

(d) evidence relating to the accommodation occupied by the claimant and the effect that the imposition of a sanction or penalty may have on the right to occupy such accommodation;

(e) the family circumstances of the claimant and the impact that it may have on other family members and dependants;

(f) evidence of the impact that a sanction or penalty may have on the ability of the claimant to fulfil obligations to third parties including those relating to the fulfilment of benefit entitlement conditions.

(2) Before deciding whether to impose a sanction or penalty and shall only do so where, having considered all the relevant circumstances, it is reasonable to do so.

(3) Regarding evidence as to means the Secretary of State must consider—

(a) the income of the claimant;

(b) the capital of the claimant;

(c) the expenditure of the claimant.

(4) In order to facilitate the enquiry into the matters set out in subsection (1) the Secretary of State or authority may—

(a) arrange for a medical examination of the claimant;

(b) obtain information from any agency holding relevant information on the income and resources of the claimant;

(c) receive evidence from any other person or persons with a knowledge of the cicumstances of the claimant.

(5) A person who is subject to a penalty may appeal to a Tribunal (Lower Tier) against the imposition of such a penalty.'.—*(Kate Green.)*

Brought up, and read the First time.

Kate Green: I beg to move, That the clause be read a Second time.

The new clause raises a number of propositions that we discussed earlier. It would place a requirement on the Secretary of State to have full regard to the impact of sanctions or penalties in making a decision to impose such penalties. I am pleased to say that the clause has widespread support, from organisations such as AdviceUK, Community Links, the Money Advice Trust, the National Housing Federation, the Royal College of Psychiatrists, Save the Children, Shelter, the United Kingdom Public Health Association, the Zacchaeus 2000 Trust and the Church Urban Fund. That is a comprehensive and authoritative group of institutions indicating their support for the new clause.

The new clause gets to the heart of understanding—this has come up on a number of occasions as we have proceeded through the Bill—the difficult and potentially harsh impact that some of the provisions could have on the lives of those subject to them. That impact could be in relation to their health or their physical or psychological well-being. The situation could be brought about because of a direct impact on their income—on their ability to sustain their home or their ability to hold their lives together in other ways. The new clause would provide a list of factors that fall to be considered by the Secretary of State in imposing a sanction or penalty and which get at the heart of those concerns. It recognises that there is considerable evidence of the impact on health and well-being of a lack of resources and the stress and pressure that that can put people under, as well as the damaging effect that it can have on their health.

The new clause would require the Secretary of State to make not just a superficial assessment of such potential impact in the imposition of the sanction or penalty. The proper evidence would be brought to bear and considered before such a decision is reached. The new clause suggests that that evidence might encompass information about income, the financial resources of the claimant and so on. It also suggests where some of that evidence might be sought, proposing that the Secretary of State should be able to obtain from a wide set of sources information about the income of a claimant subject to a sanction or penalty, and the potential impact of such a sanction or penalty. For example, the Secretary of State might do so by seeking a medical report, which might cover the current physical and mental well-being of the benefit claimant and assess their likely future health if a sanction or penalty were applied.

Concern is increasing that the cumulative effect of the Government's proposals in the Bill and earlier announcements, particularly on housing benefit, could be harsh and harmful to the well-being of individuals and families. It is difficult at the moment for us to understand what that cumulative effect might be. Inevitably, we are accepting new provisions from the Government and considering them in a rather piecemeal form that has involved the introduction of policy changes through three or four different legislative procedures, including the Bill.

We are not at a stage to be confident that we are assessing the complete picture of what could happen to a benefit claimant. I do not blame the Government—inevitably, it is always like that—but increasingly, the piling up of various Government measures that could affect a benefit claimant's income is causing serious anxiety and concern. I may be offered examples by hon. Members, but I cannot recall seeing evidence recently

[Kate Green]

from the Royal College of Psychiatrists about the impact of welfare reforms on mental health. That seems to suggest that there is serious cause for concern.

We are all mindful, although we hope that the situation will be short-lived, that the context of the measures is an unsettling economic climate for families and individuals. Since the financial recession, employment prospects and stability of employment have been a concern in many parts of the country, which obviously causes considerable stress and worry to individuals who are unemployed or at risk of unemployment. We are sitting in a context of uncertainty about what the policies and changes could mean for people's well-being. That is important.

As I said before, individuals whose physical or mental health is compromised by a lack of resources are not likely to have the personal capacity to go out and look for paid work. Struggling simply to make ends meet depletes the energies, resources and attention available to look for work.

Charlie Elphicke: My understanding of the hon. Lady's proposed new clause is that it concerns sanctions, rather than the wider debate that she seems to have gone off on. Is it not true that she does not really think that sanctions should be imposed at all, as far as I can tell from everything that she has been saying?

Kate Green: Absolutely not. That is a misreading of the clause and of what I have said at every stage. I am saying that the impact of sanctions should be considered, not that sanctions should not be imposed, even if the consideration says that there might be some punitive effects. Inevitably, there will be; that is in the nature of a sanction. I simply want to ensure that the impact of such effects is considered in the round. We are, to a degree, ready to accept that that can happen; hardship payments can be made, for instance, when somebody incurs a sanction. Our system already recognises the need to temper sanctions according to their impact on individuals' well-being. New clause 1 seeks to set out factors that ought to be considered.

I have never said that there should be no sanctions at all; I do not know where the hon. Gentleman picked up that idea. I suggest, however, that sanctions should be applied with care. All the information and evidence should be available to the decision maker, who should have a real concern about a sanction's purpose and impact.

5 pm

Charlie Elphicke: Let me make sure that I understand. To determine whether to impose a sanction of, say, 50 quid, the Government should spend about 500 quid getting reports on this, that and the other—frankly, go through a long, convoluted exercise. Is not the whole point of sanctions to ensure that people comply and that the system runs properly with the co-operation of its customers?

Kate Green: I am sorry to disappoint the hon. Gentleman, but one of the problems with sanctions is that many people do not comply. Sanctions have not been proven to be particularly effective.

The hon. Gentleman makes a fair point, however. Obviously, we must get the balance right between the decision to impose a penalty—possibly a short-term and quickly applied penalty, because that is seen to be the most efficacious way of changing behaviour, which must be the purpose of the sanction—on the one hand, and the cost of obtaining the fullest possible evidence on the other. Of course, a balance must be struck.

The new clause would not require expensive reports to be commissioned or expensive evidence to be obtained; it states that the Secretary of State or authority "may" seek such evidence. The factors would have to be considered, but that would not necessarily mean that expensive, professional, independent reports would have to be obtained. *[Interruption.]* I see the hon. Gentleman squinting at my new clause—my comments refer to subsection (4) in particular.

George Hollingbery (Meon Valley) (Con): Has not the case been put to the Committee that, under the current sanctions system, too many people do not believe that sanctions will be imposed, and that more certainty is required? Does the provision not make it even less certain that people will know when a sanction is coming, and therefore make it much more likely that they will not comply?

Kate Green: That is an interesting point and I would like to take some time to reflect on it. The sanctioning process is certainly not well understood by claimants. People do not necessarily believe that sanctioning is never going to happen to them; research demonstrates that people do not realise when it has happened to them. There is not, therefore, a particularly good understanding of what is going on in relation to trying to shape and change behaviour. That is the real lesson to learn from the research evidence on sanctions.

I am interested in the point that the hon. Gentleman has made and I shall reflect on it further. None the less, it is really important that when we impose a financial penalty, we do so in the light of all the relevant information. We certainly do that when a criminal financial penalty is imposed; as I said, in a magistrates court, magistrates would consider such issues. I suggest that in the civil environment, without necessarily going to the expense of long and complicated reports and so on, the evidence and impact should be considered in the round.

The new clause seeks to ensure that we are mindful of what sanctions can mean in reality for some of the most vulnerable claimants. The Opposition are particularly concerned about people, whom I suspect we have all met, for whom the matter would be very difficult to contend with. We know how sanctions tend to be applied, typically, to those with lower educational ability, learning difficulties, poorer language skills and so on. The fullest consideration of the evidence would be especially important in the case of those more vulnerable claimants, because it would be likely to lead to a fairer and, I venture to suggest, a more compassionate decision.

Jenny Willott: If sanctions were applied to people in the categories that the hon. Lady has described, I am sure that most decision makers would consider the issues to which the proposal refers anyway. Should they not also be looking at how to ensure that they explain the sanction so that the person understands what is

happening? As the hon. Lady said, the evidence suggests that people do not understand that they have been sanctioned, so rather than front-loading the information, should not the decision makers be ensuring that claimants understand the implications and why they are being sanctioned?

Kate Green: I am grateful for the hon. Lady's support for the notion that the factors in the new clause are ones that a decision maker surely ought to consider. I hear what she says about the need for better explanation from decision makers about what a sanction is for and what it intends to achieve. I do not disagree with that.

However, there is clearly a structural problem, which we can identify from the fact that learning disabled people and people from ethnic minority backgrounds with poorer language skills are disproportionately likely to be sanctioned. It is not just a case of people not understanding what is happening to them; some people face a greater likelihood of experiencing a sanction. The thinking process embedded in the new clause might address some of that apparent injustice and inequality.

Jenny Willott: The drafting of the new clause does not suggest that the categories of people that the hon. Lady just highlighted would be less likely to get a sanction as a result, particularly those from ethnic minorities who are not covered. Is she saying that to ensure that those categories are not disproportionately affected by sanctions, the communication needs to take place at a far earlier stage so that people understand what the implications are of the benefits that they receive in the first place?

Kate Green: The more information we can give to claimants, the better. We need to ensure that they understand the obligations intrinsic to the benefits they claim and that the consequences that will flow if those obligations are not met are explained to them. I completely agree with the hon. Lady. We want that information to be given at the earliest possible stage of the discussion between the benefit claimant and their Jobcentre Plus adviser. Perhaps we could have brought out those issues more fully when, much earlier in this Committee, we talked about the design of the claimant commitment. None the less, even at this late stage, it is useful to put them on the table.

I accept what the hon. Lady says about the limitations of the new clause, but believe it would ensure a better appreciation of the impact that a sanction has on more vulnerable claimants, who are not able to articulate what has led them into a position where they are being sanctioned. That would help those disproportionately disadvantaged claimants who are more likely to suffer a sanction. None the less, I take her point that the new clause on its own will not provide full and proper protection for some of the most vulnerable claimants, so I welcome her emphasis on ensuring a good-quality process of engagement at every stage of the interaction between Jobcentre Plus and the claimant.

The new clause has not been proposed, as hon. Members have suggested, to stop people from being sanctioned. None the less, we all agree that sanctions are not something that we want to see Jobcentre Plus advisers making frequent use of. I heard the Minister of State say quite early on in the Committee that he wants sanctions to be used as rarely as possible, and I am sure that that remains the case. Our aim is simply to help to achieve that objective of using sanctions as rarely and as appropriately as possible.

Chris Grayling: The new clause takes us back to the fundamental difference between Members on either side of the Committee. I pay tribute to the hon. Member for Stretford and Urmston, who has made some insightful contributions to our debates. Although we will not agree on the detail of her new clause, she has certainly given Ministers and those who might be listening elsewhere in this room food for thought. I genuinely mean that. She has made a huge contribution to this field throughout her career and she has provided us with some valuable insights.

Where we differ is on how we should treat individual claimants who put themselves in a position in which a sanction becomes appropriate, and on how we should respond to that situation. Of course we expect decision makers to take the right decision where there is a mental health condition or another factor that clearly holds back a claimant from being able to know and understand their obligations, but at the heart of the new clause lies the question of responsibility. What benefit do we provide to a claimant if we do not expect them to take responsibility for their actions if they are able to do so? The truth is, we disadvantage them by trying to protect them from the consequences of their actions. The welfare state is and should be a two-way contract. We provide financial support to people who have fallen on hard times for whatever reason, and in return we ask them to fulfil a number of conditions. That is an entirely reasonable contract between the state and the individual, which lies at the heart of how we work. That will not change under Governments of any persuasion.

If we say to people, "Right. We need you to do these things in return for your benefits," whether it is signing on once a fortnight, turning up for a work-focused interview or joining the Work programme and taking part in appropriate activities, it is their job to turn up and do that. That is true for people in employment, who have to turn up at the start of the day and do the job they are paid to do. Of course there are certain circumstances in which they cannot do that, and in that situation they phone the office to say they are ill and cannot come in; that is normal life, but if they simply do not turn up for work, they put themselves in a position of difficulty with their employer and they may lose a day's pay or be dismissed.

Our welfare state works by applying the same principle to claimants' responsibilities. If they are on employment and support allowance with a requirement to turn up for periodic work-focused interviews, we expect them to do so. If there is a good reason why they cannot do that, that will be reflected in how we treat them. We look to our decision makers to apply common sense and to be thoughtful and careful in the decisions they make when people have not fulfilled the terms of the agreement that they reached with us. That is right and proper because, as I said to the hon. Member for Stretford and Urmston, we have to be careful and particularly sensitive to people with mental health problems. In extremis and in circumstances of genuine uncertainty, where our decision makers do not know the details of individual cases, they can go so far as to make a home visit to establish someone's circumstances. That is right and proper.

[Chris Grayling]

Under the new clause, the Secretary of State will consider evidence about the physical condition of the claimant and his or her state of health, and about the claimant's psychological state of health. That would and should happen as a matter of routine. A decision maker will certainly look at someone's circumstances before imposing a sanction. Beyond that, however, there is an expectation: if someone is mentally and physically capable of doing what they have agreed to do, they should be expected to do it. I do not think we do people any favours if we say, "Okay. Life's a bit tough, so we won't impose the sanction on you." That is where I differ from the hon. Lady, who goes far beyond simply saying that we have to be mindful of someone's mental health condition. If they are not mentally capable of understanding what they have to do, of course there is good reason not to impose a sanction.

The hon. Lady mentioned ethnic minorities, but I do not think that somebody should be judged on their ethnic background. That is not relevant to whether they should receive a sanction. Whether they lack language skills and cannot speak English properly, or have a learning disability, and so did not understand the requirement are different questions. Whether they are from an ethnic minority background is neither here nor there. We should treat all claimants equally, regardless of race, colour or creed, unless there are practical reasons why they could not understand the requirement that was being placed upon their shoulders.

If we say to people who are having a tough time in life, "Okay, we'll let you off your responsibilities," we disadvantage them in trying to get their life back on the road. We all face tough challenges, difficult decisions and pressures on us at different times in our lives. If we take steps that insulate people from dealing with such challenges, it becomes more difficult for them to get back on the road and back into employment to rebuild their lives. That is the big difference between us when we discuss sanctions. There is absolutely no intention on our part, or on the part of Jobcentre Plus front-line advisers, to sanction people who are genuinely vulnerable, who cannot fully understand the consequences of what is happening to them, and who are unable to fulfil their responsibilities.

5.15 pm

My hon. Friend the Member for Cardiff Central was absolutely right: there is a clear duty to explain carefully to people why they are being sanctioned, what they have done wrong and what the consequences of their actions are. That is fundamental. It is part of the training for decision makers and it is something that I would expect every decision maker to do. I have sat through interviews in Jobcentre Plus during which sanctions have been administered: the advisers and decision makers have clearly explained the situation, saying for example, "Last week you said you would apply for this job, but you didn't—why not? There is no explanation from you, so I am obliged to sanction you." The process is straightforward and it would be a mistake to colour it with questions about the person's financial background or accommodation. If someone sits in a Jobcentre Plus office and says, "Okay, I want to find a job. I'll look for one," and agrees with an adviser to apply for two or three jobs but turns up the next week having not bothered to apply for them, why should other circumstances be taken into account?

Sarah Newton: I have met representatives of some of the organisations that support the new clause, and their great fear seems to be that some people are in so much debt and have so many problems that a sanction will add to their debt and tip them over the edge into a mental health problem. Does my right hon. Friend agree that a far better course of action for someone in such a situation would be to seek proper advice and guidance from the decision maker in the Jobcentre Plus about how to manage their debt and budget to live within their means?

Chris Grayling: I agree absolutely. We cannot help such people by insulating them from reality. If someone is heavily in debt, the most important thing is to get them into work so that they can start to pay back some of what they owe. Taking steps that do not put extra pressure on them by way of the job search process insulates them from the reality of what they have to do. If someone has agreed to apply for three jobs and has simply not done so, an adviser saying, "Well, that's all right because you've got a lot of debt," takes them a step back from focusing on the decisions that they need to take in the interest of sorting out their lives. That is why the approach that the hon. Member for Stretford and Urmston seeks to take is too prescriptive.

I understand the concerns that the hon. Lady and the various groups she mentioned have raised, but there is a tendency among people who observe these matters to believe that actions taken will always be the worst and the most disadvantageous. That, however, is not my experience of our jobcentre staff, and I do not believe that it was the experience of previous Ministers either when they visited jobcentres and talked to staff. In Jobcentre Plus, we have a team of dedicated, hard-working people who seek to get the job done, helping people who are out of work and giving a push to those who need one. They do not always get it right—none of us does—but there is a tendency to believe that front-line staff will wilfully ignore real problems, whereas I tend to believe that it is better to trust their judgment in dealing with individuals in the interview and the assessment process and their understanding of the challenges that each person faces, and to trust them to take a decision that reflects that.

George Hollingbery: Does my right hon. Friend agree that there could be a problem with writing such instructions into the Bill, and even with instructing jobcentre staff overtly, if that is how the process would be managed? Not only is the approach inflexible, but it creates a perverse incentive. New clause 1(1)(f) refers to evidence of the impact

"on the ability of the claimant to fulfil obligations to third parties".

Is there not a danger of people entering into onerous obligations to avoid being sanctioned, or even self-harming to demonstrate mental instability?

Chris Grayling: My hon. Friend raises some real concerns, and one danger that his comments highlight is that of treating people who are in identical situations, bar one thing, differently. Suppose that two jobseekers both failed to attend a fortnightly interview and thus made themselves subject to a sanction decision. It would not be right to treat those two people differently on the

basis of their financial circumstances, for example, so that one got a sanction and one did not because they had bigger debts. There is a danger of us going down that road.

We must be enormously careful. Particularly in primary legislation, there is the danger of creating a framework that removes discretion from the front line. In a previous sitting, the Committee debated the benchmarking for sanctions established by the previous Administration in 2006 and the changes that were introduced last April. The introduction of those changes, and the juxtaposition of sanctions with those benchmarks, led last summer to individuals in parts of Jobcentre Plus establishing targets for sanctions provision. It was precisely because the frameworks that had been created were too tight and did not allow discretion on the front line that such problems, which we all agree should not arise, did so. The more we prescribe and write into primary legislation and the more we say, "You have to take into account these 10 conditions before you decide whether somebody should be sanctioned or not," the more likely we are to end up with a decision that flies in the face of common sense.

Sarah Newton: The Minister is being very generous with his time, and I would like to back up his comments with an example that I saw two weeks ago in the Jobcentre Plus in Penryn. Because of the discretion available, Jobseeker Plus works with third-sector organisations to provide job clubs for all sorts of individuals who not only support each other into employment, but tackle problems such as debt. I was very impressed by such a practical way to both help people into work and deal with other questions and provide support.

Chris Grayling: My hon. Friend makes a good point and highlights that fact that front-line Jobcentre Plus staff should be given the freedom to take decisions and shape policy locally, and to work with individuals according to their needs, as long as they are mindful of issues such as mental health—we are clear about that in our guidance. I keep returning to the issue of mental health because more than anything else, it is the one factor that must be central to the thinking of Jobcentre Plus staff.

I have encouraged Jobcentre Plus managers to create more opportunities for some of the charities that work in the mental health arena to go into Jobcentre Plus offices and provide detailed guidance and briefing sessions to front-line staff on the nature of the challenges faced by people who have mental health problems. That is really important. We must do everything we can to be aware of the way that people with mental health problems may not be able to do certain things.

I talk about mental health problems, but I should reprimand myself because alongside that are learning difficulties, which are different and should not be bracketed lazily under the umbrella of mental health. Learning difficulties are not a mental health issue; they are different, but the measures we are discussing are equally applicable. I want front-line Jobcentre Plus staff to be aware of and understand the nature of the challenges faced by people with mental health problems and learning difficulties, and to reflect that understanding in the way they approach people who may or may not need to be sanctioned.

I am not prepared to accept the new clause because I do not believe that we should be so prescriptive in telling front-line staff what issues they must take into account. I have sat with front-line staff; we have got a good team in Jobcentre Plus and I trust the judgment of that front-line team. They will not always get it right; nobody in any organisation will always get it right, but the benefits of front-line discretion and individual judgment far outweigh the theoretical benefits of trying to prescribe to the degree that the hon. Lady tries to do in the new clause.

Kate Green: I thank the Minister for a surprisingly full response and for his very generous remarks at the beginning of his speech, but he will be aware, as I am sure all hon. Members are, that I have been very well briefed, including by the organisations that I listed when I opened my remarks on this new clause. The right hon. Gentleman said he thought it possible that those very respected organisations had an unfortunate tendency to fear the worst. I like to think that I have a more trusting personality, but I have to say on behalf of those organisations that they fear the worst for a reason, which is the disproportionate way that sanctions fall on some groups. There is no explanation for that other than that something goes wrong in the system. The more steps we can put in that call a pause and a rethink where the risk of that happening arises, the better the quality of decisions that we will have.

I listened to the Minister with care, particularly to what he said about the importance of individuals taking responsibility for their own actions, and I do not think that anybody on this side wants to negate the importance of that, but we all know of some very desperate individuals for whom the demands of compliance, the stresses and pressures, are particularly challenging. I am not saying that that means they should not be subject to necessary requirements and sanctions; I am simply saying that we want a decision-making process that is as full and as rounded as possible in taking account of the circumstance of individuals. The Minister does not seem to share that view.

Charlie Elphicke: It strikes me that this is a case of, "Here we go again." We often hear this from the Labour party, which is a party which talks a lot about rights and not enough about responsibility, just as was said by the shadow Cabinet member, the hon. Member for Bury South. I put it to the hon. Lady that the new clause is actually quite insulting to people in Jobcentre Plus, who work extremely hard and who try to look after their customers as well as possible. All she does is attack them for handing out sanctions to this group and that group whom she thinks should not be sanctioned. They are doing their very best, and I hope the hon. Lady will acknowledge that they are working very hard indeed.

Kate Green: Of course I acknowledge the strenuous efforts by Jobcentre Plus staff to get decisions right, although I repeat that some decisions are not as good as they should be; the Minister himself accepted that. The new clause is simply an attempt to ensure the highest possible standards of decision making. I also note what the hon. Gentleman helpfully said about rights and responsibilities. That was a very new Labour concept, if I may say so, and very much at the forefront of our thinking in 1997. In recent years, we seem to have lost the focus on rights—all I have heard on this Committee up to now has been talk of responsibilities—but I hold that rights and responsibilities exist on both sides. I see

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the hon. Gentleman nodding and I am pleased to have his support for that proposition. However, individual well-being and designing a compassionate welfare benefits system are also important, and I know that Ministers share that view.

We are talking about a balance. My aim is to ensure decisions are made with the best possible information. I note what Government Members feel about the lack of need to prescribe that in legislation and I understand why they say that. I welcome the Minister's assurance that decision makers already take note, and will be expected to continue to take note, of all the circumstances when applying a sanctioning decision. Therefore, I beg to ask leave to withdraw the new clause.

Clause, by leave, withdrawn.

5.30 pm

New Clause 6

SOCIAL FUND REVIEW

'The Government will lay before parliament annually a review of the impact of the abolition of a nationally administered social fund which will cover the following topics—

(1) The level of applications received by each local area for assistance.

(2) The nature and amount of applications and awards made by each administering authority.

(3) The cost of administration of the scheme by each administering authority.

(4) The criteria used by every administering authority for making awards and all of the guidance they issue to their staff (and their proxies' staff).

(5) Information as to the status of each applicant and their household whether successful or not.'.—*(Kate Green.)*

Brought up, and read the First time.

Kate Green: I beg to move, That the clause be read a Second time.

The new clause does not make a great deal of sense now, although it did when I tabled it—you can tell that we are reaching the end of the Committee, Mr Gray—because of my failure to persuade the Committee to support some of my earlier amendments, particularly to clause 69.

Clearly, we are moving into a world in which there will be no social fund. As hon. Members will be well aware, the Opposition very strongly regret and have considerable anxieties about that, and they will recall an amendment that I tabled earlier in the Committee to insert a provision for a national fund of last resort, which would be for individuals who found it simply impossible to access financial support from elsewhere in times of need.

Introducing the new clause gives me an opportunity, however, to say that its underlying assumption that there should be a nationally administered social fund—it is that assumption sitting beneath the clause that makes it make sense—is a concept that the Opposition still very much advocate. I do not imagine that the Minister will want to rehearse all the arguments made earlier in Committee about why she and her colleagues do not agree, but I am none the less happy to hear her response.

Maria Miller: I thank the hon. Lady for giving me the opportunity to realise—in her first words, she said she was not sure whether her new clause makes sense—that the new clause reiterates and underlines the confusion among Opposition Members about the Government's exact proposals on the social fund. I hope that that situation is not for lack of explanation from my right hon. and hon. Friends and me.

I will take the opportunity to attempt to ensure that I make the situation clear to Opposition Members, because the very wording of the new clause shows how much they have misunderstood the measure. As currently crafted, the new clause states:

"The Government will lay before parliament annually a review of the impact of the abolition of a nationally administered social fund".

The proposed changes are not about the abolition of the nationally administered regulated social fund. Members of the Committee will know, from briefings received in advance of our discussions, that the social fund consists of seven one-off payments, of which four are regulated and three are discretionary.

Opposition Members run the risk of confusing people in the outside world, although I am sure that that would never be their intention. In talking about the abolition of the social fund, they are implying that all the elements in the social fund will be withdrawn. In the original debate on the particular provision in the Bill some weeks ago, the hon. Member for Westminster North slipped—I am sure, inadvertently—into discussing the abolition of the social fund and, in error, forgot to insert the word "discretionary" in front of that phrase.

It is important that members of the Committee are aware that the regulated part of the social fund—including cold weather payments, funeral payments, Sure Start maternity grants and winter fuel payments—is not affected by the measures in the Bill. We are talking only about the discretionary elements, which are budgeting loans, community care grants and crisis loans. It is important to set that out because, unfortunately, our debates all too often become very difficult if not all the facts are stated consistently in the coverage of them. Just to be crystal clear, the new clause refers specifically to the abolition of a nationally administered social fund, but that fundamentally misunderstands what the Government are proposing. The nationally administered regulated social fund will—I repeat, will—continue to exist, as will budgeting loans, until the universal credit is rolled out fully.

We touched on the reason for the changes in the previous debate, but I will reiterate it for fear that hon. Members are thinking that the measure is being proposed without real need: in recent years, we have seen a dramatic increase in crisis loan applications. Our changes are replacing the crisis loan system with local assistance, which will be targeted at genuine need in a way that can be better monitored to ensure that the money is really getting through to those who need help the most.

Ms Buck: Can the Minister clarify whether she is saying that the crisis loans administered under the system in recent years have not gone to people in genuine need?

Maria Miller: I am not saying that. I am saying that there has been a dramatic increase in the number of loans given to individuals. At all points in time, we must

ensure that money gets through to those in genuine need. The hon. Lady probably has examples from her own constituency that might have caused her some concern about crisis loans being open to abuse—the system has been open to abuse—and we need reform to ensure that money gets to those who need it most. The country is under financial pressure, but people listening to the debate would expect the money to support people who are facing real crisis to be available, although I fear that not every loan application is necessarily in response to a real crisis. I will set that out in a little more detail.

Sheila Gilmore: I can understand although I do not necessarily agree with the argument that such decisions, if made locally, might be better—I understand the force of what various Government Members said. I understand the Minister saying that it is important for the money to get to the people who need it most. On that basis, might she reconsider the decision not to ring-fence the funds, because of concern that some local authorities might choose not to use the money in this way?

Maria Miller: The reason why we feel that it is entirely appropriate for us to be following the path that we are and replacing the crisis loans, is that we want to ensure that we involve local authorities and devolved Administrations in determining how best to support people on the ground in their communities. We feel strongly that those authorities are best placed to ensure that they link to other support services on the ground, that they tackle the underlying issues faced by individuals in our communities and that the checks and balances are in place to ensure that the money is being used most effectively.

Ms Buck: Can the Minister point the Committee to the research indicating that, as part of the increase in the number of crisis loans in recent years that she has described, the proportion of those loans going to people who are not in need has increased?

Maria Miller: It is clear that the previous Administration recognised the sort of abuse in the system that I have characterised, because they had introduced a policy of conducting interviews to overcome some of that abuse. We have continued that policy, and have taken long-overdue and urgent action in addition to manage demand back to levels that reflect genuine need.

Jenny Willott: Does the Minister agree that the issue is not necessarily about people who are not in need receiving social fund loans, but that often a raft of other problems, which we discussed on the previous new clause, need to be tackled so that people do not repeatedly fall into crisis and need a loan, but can identify the underlying causes and tackle them so that the problem is not ongoing.

Maria Miller: My hon. Friend makes an important point. It cannot be right if crisis loans become part of the everyday funding of family life, or someone's financial situation. That is our concern. We must ensure that available finance is put into the sort of services that would provide support to address the root causes of some of the problems that people face, and which perhaps push them into relying regularly on crisis loans.

The details of the review are set out in the new clause and relate only to local delivery of assistance, which will begin when community care grants and some crisis loans cease to exist. Other aspects of the discretionary social fund will be replaced by national provision of payments on account. That is another concern about the confusion at the heart of how the Opposition are coming at our proposals. We are, of course, consulting and planning for the monitoring and evaluation of the changes, as right hon. and hon. Members would expect, and we are considering how best to balance reporting on national and local levels.

There is no need to insert a new clause into primary legislation to conduct such monitoring. It would be, at best, inflexible and, at worst, unresponsive to the variety of delivery mechanisms that we hope and expect local authorities to adopt to seize the opportunity to ensure that the right support is in place for people who find themselves in these difficult situations. I am concerned that the measures proposed by the hon. Member for Stretford and Urmston would place undue and disproportionate burdens on local authorities.

We will, of course, continue to consider how best to monitor the impact of the abolition of specific aspects of the discretionary social fund, and we will look at the most appropriate method and frequency for reporting on the issues. We all want to ensure that the system is working as it needs to. Further information will be set out in the response to the call for evidence that was undertaken by my right hon. Friend the Minister of State on our proposed changes. The results are due to be published shortly.

I hope that the hon. Member for Stretford and Urmston has not minded my trying to put some clarity into what I think is a somewhat misleading new clause. I am sure that she did not intend to confuse the Committee, and I am sure that she did not intend to send messages to the outside world that are inconsistent with our policy intent. I thank her for giving me the opportunity yet again to set the record straight. I hope that with those assurances, she will find it appropriate to withdraw her new clause.

Kate Green: The Bill has been a long time in Committee. The Minister accuses me of confusing others, but I confused myself. I am grateful to her for getting the debate back on track, and directing it to the thrust of the new clause that I and my hon. Friend the Member for Walthamstow tabled. Having been helped by the Minister's response, I profoundly disagree with her approach. I simply do not share her confidence about the consequences of passing responsibility down to local authorities without ring-fencing or any obligation on them to ensure that needs that are currently met from budgeting loans and community care grants continue to be appropriately met.

The new clause would provide the opportunity not just to test whether I or the Minister is right but, if I am right—let us hope that I am not, but I fear the worst—to enable the Government to take adjusting action quickly. Although perhaps in the first years money was not ring-fenced, a prudent Government might want to consider doing that pretty quickly thereafter if money was not deployed as Ministers hoped. In the earliest sittings of the Committee, we heard evidence from two expert witnesses, Sir Richard Tilt and Professor Elaine Kempson,

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who were very concerned that the money would disappear into a communal local authority pot and, particularly at a time when local authority budgets for the provision of other public services are very stretched, that local authorities would inevitably feel pressured to deploy that money in a way that might not address the needs of people currently protected by the existence of the discretionary social fund.

5.45 pm

I cannot share the Minister's sanguine view that we will have something better adapted to meeting needs without that ring-fencing protection in place. My hon. Friend the Member for Westminster North asked specifically what the real concern was in relation to the increase in the number of people in receipt of crisis loans in recent years, whether there was evidence for abuse in the system and whether, by implication, there was not the same need for resources to be applied as has been the case. The Minister was unable to provide what I would regard as evidence that that abuse was happening. It is true that some people make more than one application to the social fund. Those people are probably very desperate—they have no resources of their own to fall back on—and we should not make a superficial judgment that people who need more than one social fund loan are somehow taking advantage of the system. It is much more likely that their lives are very tough and they have no other place to turn.

I am sorry if the Minister does not agree with our concerns and does not share my desire to be able to monitor very tightly whether my concerns and fears are justified. I fear that we will have evidence pretty quickly, even in the absence of the passing of new clause 6, of the impact of not controlling what happens to the money when it is passed down to local authorities. I fear that we will have evidence, which we may see quite quickly, of considerable hardship experienced by vulnerable people. That is a form of evidence that neither I nor, I suspect, Ministers would want to see. However, I accept that the Minister is not minded to go along with the thrust of the new clause, so I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 7

ADVICE ON FINANCIAL ASSISTANCE

'The Government will require all those working with applicants for welfare provision who are publicly funded to ensure their clients are informed about the existence of publicly provided financial assistance and where relevant locally available sources of alternative affordable credit provision. This information must be provided in a format which is accessible to the applicant.'—*(Kate Green.)*

Brought up, and read the First time.

Kate Green: I beg to move, That the clause be read a Second time.

I think that I know what I am prosing with this one. The social fund has been the last resort for low-income claimants from time to time—somewhere that they go when they cannot access the commercial credit markets. We would prefer them to go there if the alternatives are loan sharks and high-cost lenders with their exploitative credit conditions—something that is of concern to hon. Members on both sides of the Committee. In the absence of the discretionary social fund and the ability of Jobcentre Plus staff to signpost claimants to it, the amendment seeks to ensure that all other forms of information and advice on where people could get financial assistance that could be available to claimants in difficult circumstances are properly signposted to them.

As hon. Members will be aware, there are a number of charitable institutions with grant-making arms, many of which do excellent work in meeting the needs of some very vulnerable people at times of difficulty and crisis. Many of those institutions are finding a very significant increase in the demand on their funds in the aftermath of the recession, about which they feel very concerned, as the discretionary social fund is removed. We can certainly take it, however, that those charitable funds and institutions will continue to do the best that they can to support individuals in dire need with grants wherever possible. The new clause seeks to require that proactive steps are taken to signpost claimants in such circumstances to sources of financial assistance and low-cost borrowing arrangements.

The non-profit sector has made considerable efforts in the field to try to improve the accessibility of such information. Hon. Members may be familiar with the Turn2us website, which brings together information about both financial entitlements through the benefit system and where charitable assistance can be sought. Ministers might wish to draw that to the attention of staff in Jobcentre Plus offices, as one possible place where they and individual benefit claimants can seek such useful information.

Many charitable institutions concentrate on particular aspects of need—for example, helping to fund costs of education, school uniforms and so on. Again, it would be useful if Jobcentre Plus staff were well-informed about what those different grant-making institutions specialise in and were proactive in signposting benefits claimants to them. I regret that the need to do that remains with us and that it is likely to increase in the near future. We can expect to see more people in straitened financial circumstances, but I hope that Ministers will at least accept the spirit of the new clause in their response this afternoon.

Chris Grayling: Before I respond to the hon. Lady's new clause, it looks like this will be the last ministerial contribution to the Committee. When we finish at 6 o'clock, I shall hope to catch your eye, Mr Gray, for a brief point of order to make a couple of remarks about the Committee process.

I will start by setting out a couple of technical reasons why the hon. Lady's new clause is not practical. I will seek to reassure her, however, as she should not underestimate the importance that the Government place on the provision of good financial information. We are seeking to take steps that I hope will link Jobcentre Plus much more closely to sources of appropriate finance for those people who find themselves in need of support. We absolutely do not want to see those people in the hands and the pockets of the loan sharks who operate in our society and whose behaviour can be so utterly reprehensible in dealing with vulnerable people.

The prime issue about the new clause is that the Government would have to require all those who work with applicants for welfare provision and are publicly funded to ensure that their clients are informed, in an accessible way, about publicly provided financial assistance available to them. Where relevant, they would have to inform them of local sources of credit, whether publicly provided or not.

The issue is not about the philosophy of the new clause, but its practicality. Such a broad requirement in primary legislation could extend to almost every employee of the Department for Work and Pensions and many thousands of local authority staff, including those whose focus should be on other key issues, such as social workers, as well as any publicly funded charity or other body that advises on welfare matters, including, for example, the Citizens Advice Bureaux. As such, it would be a complex and onerous requirement to implement and would detract from the vital work of specialist staff. Although we might want a lot of the staff whom the hon. Lady was talking about to offer that service, we would be compelled by primary legislation to offer guidance and training to every member of staff operating in this field, whether or not they operate in an environment that actually enabled them to offer such help and guidance. I understand the nature of the point that the hon. Lady is making, but her new clause would not do the job.

I will set out what the Government are doing, because the hon. Lady has put her finger on an extremely important area. We are helping people avoid unmanageable debt through organisations such as credit unions and other community financial institutions that offer affordable financial services to people who would otherwise be unable to access them. Such organisations help people save, open bank accounts, pay off debts and learn to manage their finances.

Subject to a successful feasibility study, a new modernisation and expansion fund of up to £73 million over the next four years will support those organisations that are ready and prepared to expand their service to many more people. The study will report this September, until which time existing support for credit unions and other community financial institutions will continue.

We also seek to strengthen the ties between Jobcentre Plus and external sources of advice. That is not just about training staff to signpost customers to appropriate sources of debt advice, or working with partners and contracted providers to do so; we are also trying to bring credit unions and similar organisations into jobcentres. In the past few months, the first credit unions have established a presence in Jobcentre Plus. That is an important step, and it is part of our direction of travel towards bringing more services and support into Jobcentre Plus and making it more of a one-stop shop for people with challenges and issues in their lives who need guidance and advice.

Another example is the work that we have undertaken with the Prince's Trust to build the trust's presence in jobcentres, so that it can offer guidance and advice to young jobseekers as well as a gateway to the voluntary sector as a whole. In some cases, it will provide a gateway to voluntary organisations that can offer particular help in that arena.

Debt advice is also currently provided by citizens advice bureaux and other independent advice agencies across England and Wales. The Department for Business, Innovation and Skills has provided £27 million in additional funding for that service for the 2011-12 financial year. In addition, the Consumer Financial Education Body, soon to be known as the money advice service, will deliver a free national financial advice service.

On the assistance that will replace certain aspects of the discretionary social fund, we do not believe that it is right to impose the requirement proposed in the new clause. We are committed to freeing local authorities from top-down control by central Government by reducing their burden of duties. We think that the decentralisation agenda will promote the devolution of power and lead to greater financial autonomy for local government. In addition, we will shortly publish a response to our recent call for evidence on the changes to the discretionary social fund. As a result of the responses that we have received, we are actively considering a range of ways that we could offer support to local authorities during transition to the new assistance. I hope that that reassures the hon. Member for Stretford and Urmston.

At a national level, we are retaining interest-free budgeting loans, which will be replaced by a payments-on-account system as an efficient way of providing support after universal credit is introduced. We are mindful of the concerns raised by the hon. Lady. We are considering different ways to provide access to both financial services and financial advice. I want many of our staff to do precisely what she suggests in the new clause—signpost claimants to sources of advice and finance. However, I do not want to place a requirement in primary legislation that every member of staff who could possibly be involved in any form of advice should receive guidance and training to do so. That is really the only difference between us, and it is why I cannot accept the new clause, although I accept its principle.

Kate Green: I am grateful for the Minister's assurances. However, I hope that he will focus particularly on the staff who fall directly within the ambit of the Department for Work and Pensions. Jobcentre Plus staff and Work programme providers concentrate specifically on providing such advice. I welcome his assurances. I know how seriously Ministers take the issue. I have taken note of all that he has said, and I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

6 pm

Proceedings interrupted (Programme Order, 22 March and 17 May).

The Chair put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83D).

New Schedule 1

'Social Mobility and Child Poverty Commission

Part 1

Establishment of Social Mobility and Child Poverty Commission

1 The Child Poverty Act 2010 is amended as follows.

2 For section 8 (and the preceding italic heading) there is substituted—

"Social Mobility and Child Poverty Commission

8 Social Mobility and Child Poverty Commission

(1) There is to be a body called the Social Mobility and Child Poverty Commission (in this Act referred to as "the Commission").

(2) The Commission's functions are those conferred on it by or under this Act.

(3) Schedule 1 contains further provision about the Commission.

(4) A Minister of the Crown may by order provide for the Commission to cease to exist on a day—

(a) specified in or determined in accordance with the order, and

(b) falling after the target year.

(5) An order under subsection (4) may contain such transitional or consequential provision as the Minister of the Crown considers necessary or expedient in connection with the abolition of the Commission.

(6) That provision may include provision amending, repealing or revoking—

(a) the provisions of this Act so far as relating to the Commission;

(b) any provision of any other Act (whenever passed);

(c) any provision of any instrument made under an Act (whenever made).

8A Advice

(1) The Commission must on request give advice to a Minister of the Crown about how to measure socio-economic disadvantage, social mobility and child poverty.

(2) Advice given under this section must be published.

8B Annual reports

(1) Before each anniversary of the coming into force of this section the Commission must publish a report setting out its views on the progress mad e towards the goals in subsection (2).

(2) Those goals are—

(a) improving social mobility in the United Kingdom, and

(b) reducing child poverty in the United Kingdom, and in particular—

(i) meeting the targets in sections 3 to 6 in relation to the target year, and

(ii) implementing the most recent UK strategy, Scottish strategy, Northern Ireland strategy and Welsh strategy.

(3) A report under subsection (1) may by published as one or more documents as a Minister of the Crown may direct.

(4) If the Commission so requests, a Minister of the Crown may by order extend the publication deadline for any particular report by not more than nine months.

(5) A Minister of the Crown must lay a report under this section before Parliament.

8C Other functions

A Minister of the Crown may direct the Commission to carry out any other activity relating to the goals in section 8B(2)."

3 For Schedule 1 (Child Poverty Commission) there is substituted—

"SCHEDULE 1

SOCIAL MOBILITY AND CHILD POVERTY COMMISSION

Membership, chair and deputy chair

1 (1) The members of the Commission are to be—

(a) a chair appointed by a Minister of the Crown,

(b) a member appointed by the Scottish Ministers,

(c) a member appointed by the Welsh Ministers,

(d) a member appointed by the relevant Northern Ireland department, and

(e) any other members appointed by a Minister of the Crown.

(2) A Minister of the Crown may appoint one of the members as the deputy chair.

Term of office

2 Members are to hold and vacate office in accordance with the terms of their appointment, subject to the following provisions.

3 Members must be appointed for a term of not more than five years.

4 A member may resign by giving notice in writing to a Minister of the Crown.

5 A Minister of the Crown may remove a member if—

(a) the person has been absent from three or more consecutive meetings of the Commission without its permission,

(b) the person has become bankrupt or has made an arrangement with creditors,

(c) the person's estate has been sequestrated in Scotland or the person, under Scots law, has made a composition or arrangement with, or granted a trust deed for, creditors, or

(d) the Minister is satisfied that the person is otherwise unable or unfit to perform the duties of the office.

6 A person ceases to be the chair or the deputy chair if the person—

(a) resigns that office by giving notice in writing to a Minister of the Crown, or

(b) ceases to be a member.

7 A person who holds or has held office as the chair, or as the deputy chair or other member, may be reappointed, whether or not to the same office.

Staff and facilities

8 A Minister of the Crown may provide the Commission with—

(a) such staff,

(b) such accommodation, equipment and other facilities, and

(c) such sums,

as the Minister may determine are required by the Commission in the exercise of its functions.

Payments

9 A Minister of the Crown may pay to or in respect of the members of the Commission such remuneration, allowances and expenses as the Minister may determine.

Supplementary powers

10 The Commission may do anything that appears to it necessary or appropriate for the purpose of, or in connection with, the carrying out of its functions.

Status

11 The Commission is not to be regarded—

(a) as the servant or agent of the Crown, or

(b) as enjoying any status, privilege or immunity of the Crown.

Sub-committees

12 The Commission may establish sub-committees.

Validity of proceedings

13 The Commission may regulate—

(a) its own procedure (including quorum),

(b) the procedure of any sub-committee (including quorum).

14 The validity of anything done by the Commission or any sub-committee is not affected by—

(a) any vacancy in the membership of the Commission or sub-committee, or

(b) any defect in the appointment of any member of the Commission or a sub-committee.

Discharge of functions

15 The Commission may authorise a sub-committee or member to exercise any of the Commission's functions."

PART 2

SUPPLEMENTARY AMENDMENTS TO CHILD POVERTY ACT 2010

4 The Child Poverty Act 2010 is amended as follows.

5 In section 6 (persistent poverty target), subsection (6)(b) and the preceding "and" are repealed.

6 In section 10 (provision of advice and consultation)—

(a) for the heading, there is substituted "Consultation";

(b) subsections (1) to (3) are repealed.

7 In section 13 (advice and consultation: Scotland and Northern Ireland)—

(a) for the heading, there is substituted "Consultation: Scotland and Northern Ireland";

(b) subsections (1) and (2) are repealed.

8 (1) In the italic heading preceding section 14, for "Reports" there is substituted "Statement".

(2) Section 14 is repealed.

9 (1) Section 15 (statement in relation to target year) is amended as follows.

(2) In subsection (1), for "The report under section 14(3) must include" there is substituted "The Secretary of State must, as soon as reasonably practicable after the end of the target year, lay before Parliament".

(3) In subsection (4), for "the report under section 14(3)" there is substituted "the statement".

(4) At the end there is inserted—

(5) The Secretary of State must consult the Scottish Ministers, the Welsh Ministers and the relevant Northern Ireland department before preparing the statement."

10 In section 16 (economic and fiscal circumstances), in subsection (1)(b), for the words from "to the Secretary of State" to the end there is substituted "under section 8A".

11 (1) Section 18 (interpretation) is amended as follows.

(2) In the definition of "the Commission" in subsection (1), for "Child Poverty Commission" there is substituted "Social Mobility and Child Poverty Commission".

(3) After the definition of "financial year" in that subsection there is inserted—

""Minister of the Crown" has the same meaning as in the Ministers of the Crown Act 1975;".

12 In section 28 (regulations and orders), in subsection (5)(b), after "section" there is inserted "8B(4) or".

13 (1) Schedule 2 (continuing effect of targets) is amended as follows.

(2) In paragraph 1, in paragraph (a) of the definition of "target statement", for "the report required by section 14(3)" there is substituted "the statement required by section 15".

(3) In paragraph 3(d), for "the Secretary of State", in the first place, there is substituted "the Commission".

(4) Paragraphs 6(c) and (d) and 7(1)(b) are repealed.

PART 3

SUPPLEMENTARY AMENDMENTS TO OTHER ACTS

14 In Schedule 1 to the Public Records Act 1958 (definition of public records), in Part 2 of the Table at the end of paragraph 3—

(a) the entry relating to the Child Poverty Commission is repealed;

(b) at the appropriate place there is inserted—

"Social Mobility and Child Poverty Commission".

15 In Schedule 2 to the Parliamentary Commissioner Act 1967 (departments etc subject to investigation)—

(a) the entry relating to the Child Poverty Commission is repealed;

(b) at the appropriate place there is inserted—

"Social Mobility and Child Poverty Commission".

16 (1) In Part 2 of Schedule 1 to the House of Commons Disqualification Act 1975 (bodies of which all members are disqualified)—

(a) the entry relating to the Child Poverty Commission is repealed;

(b) at the appropriate place there is inserted—

"The Social Mobility and Child Poverty Commission".

(2) In Part 2 of Schedule 1 to the Northern Ireland Assembly Disqualification Act 1975 (bodies of which all members are disqualified)—

(a) the entry relating to the Child Poverty Commission is repealed;

(b) at the appropriate place there is inserted—

"The Social Mobility and Child Poverty Commission".

17 In Part 6 of Schedule 1 to the Freedom of Information Act 2000 (other public bodies and offices: general)—

(a) the entry relating to the Child Poverty Commission is repealed;

(b) at the appropriate place there is inserted—

"The Social Mobility and Child Poverty Commission".'. —*(Chris Grayling.)*

Brought up.

Amendment proposed to new schedule 1: (a) in paragraph 2, proposed new section 8B (2)(b)(ii), leave out 'recent' and insert 'effective'.—*(Ms Buck.)*

Question put, That the amendment be made.

The Committee divided: Ayes 8, Noes 13.

Division No. 18]

AYES

Buck, Ms Karen	Greenwood, Lilian
Elliott, Julie	Pearce, Teresa
Gilmore, Sheila	Sarwar, Anas
Green, Kate	Timms, rh Stephen

NOES

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

Question accordingly negatived.

New schedule 1 added to the Bill.

Title

Amendment made: 291, title, line 4 after 'jobcentres;' insert 'to establish the Social Mobility and Child Poverty Commission;'.—*(Chris Grayling.)*

Chris Grayling: On a point of order, Mr Gray. I want to say a few words to you, and through you to Mr Weir, for the thoughtful and effective way in which you have both chaired this Committee. Its proceedings have gone much more smoothly as a result. I also thank the Clerk, the *Hansard* writers, the team working with the Clerk, the Doorkeepers and all the officials who have been part of the support for the Committee. I also thank Members from both sides of the Committee.

[Chris Grayling]

This has been a constructive and thoughtful debate, which has been carried out in an amicable and friendly manner. If more people outside saw the House operating in the way in which it has done in the past few weeks in this Committee, they would be reassured about the quality of debate and Members' behaviour towards each other, as well as the spirit in which we debate issues of great importance. I want to put on the record my thanks to everyone who has been part of that process.

We will move now to considering the Bill on Report. This has been a very good Committee. Everyone who has been part of it should look back and be proud of participating in the process that we all hope will lead to positive and beneficial change for some of the most vulnerable people in our society.

Stephen Timms: Further to that point of order, Mr Gray. I want to follow the Minister by putting on the record our thanks to you and to Mr Weir for your excellent stewardship of the Committee. We have appreciated your occasional firm, but tactful and diplomatic rebukes, which have always been well targeted, when occasion has necessitated it. We have also appreciated the latitude you allowed us to explore thoroughly the ramifications of the Bill. We are grateful for your fairness. You are most certainly not to blame, Mr Gray, for the fact that we have failed to complete our scrutiny of the Bill in the harshly truncated period that the Government made available.

I also want to thank the Clerk and his colleagues. They have been helpful to us as we have tabled our amendments. I also thank the *Hansard* writers, who have had the hardest job in Committee, which they discharged admirably. I thank the Doorkeepers, too, for helping us conduct our proceedings.

I should like to express thanks to the Ministers. We have disagreed with a good deal of what they said to us, but they have always genuinely tried to answer our questions and fend off our barbs. They have been unfailingly courteous throughout the Committee and we are grateful to them for that. They can now put their books back on the bookshelf, and the bookshelf in the bookcase and so on.

I should also like to express my appreciation of the hard work of all the civil servants who contributed to the Bill. I have looked at their work from a different perspective from when I was last a member of such a Committee, and it has been interesting to note the contrast.

I am particularly grateful to my hon. Friends the Members for Westminster North and for Glasgow East. You may know, Mr Gray, that my hon. Friend the Member for Glasgow East was deeply disappointed to be heading off on holiday today to the United States and therefore compelled to miss the enjoyable debate that we have all had in Committee this afternoon.

I am grateful to my hon. Friend the Member for Nottingham South. The full extent of her contribution to our work has not been recorded in *Hansard.* My thanks to all Opposition Members for their unfailing support throughout the Committee proceedings and for some telling contributions—not least this afternoon.

We also appreciated the contributions from Government Back Benchers. We would have liked to hear more from them, although I appreciate that the hon. Member for Norwich North would probably be less favourably inclined to such a development. The hon. Member for Dover significantly enhanced our debates with numerous, sometimes tendentious, but always sparkling contributions that we all appreciated. Let me refer here to the two forms of refreshment that were available to the Committee during our discussions. While most Conservative Members have been "delightfully still", delightfully, that is, from the perspective of the hon. Member for Norwich North, the hon. Member for Dover has always been "gently sparkling".

We have appreciated the all-too-few contributions from the hon. Members for Redcar and for Cardiff Central. We had hoped that their votes might follow their speeches, but we were rather disappointed that that was not the case. None the less, we wish both hon. Members and the Deputy Prime Minister well in their efforts between now and consideration on Report to persuade the Government to remove some of the worst features from this Bill, which sadly remain in it at the moment.

I should also like to thank the innumerable organisations and individuals who have been willing to share with the Committee the benefits of their expertise and their insights into the Bill. Thanks to their support, we have won many more arguments than we have won votes. Admittedly, we could not have won fewer arguments than we won votes, but we are very grateful to them none the less. Our debates have been worth while and we are most grateful to everybody who has contributed to them.

The Chair: I am most grateful to the Minister and to the shadow Minister for their very kind words and to the whole Committee for the extremely civilised, well argued and sensible approach to what could have been a most difficult, controversial and lengthy Bill. This is my first ever Public Bill Committee, and so I am most grateful to you for your kindness. I am particularly grateful to the Clerk who has done a wonderful job in running the proceedings, and to the *Hansard* writers and the Doorkeepers.

Bill, as amended, reported (Standing Order No. 83D(6)).

6.9 pm

Committee rose.