

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

RIOT COMPENSATION BILL

Wednesday 13 January 2016

CONTENTS

CLAUSES 1 to 12 agreed to.
SCHEDULE agreed to.
Bill to be reported, without amendment.

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

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Sunday 17 January 2016

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IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chair: MR GEORGE HOWARTH

- | | |
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| † Burrowes, Mr David (<i>Enfield, Southgate</i>) (Con) | † Penning, Mike (<i>Minister for Policing, Crime and Criminal Justice</i>) |
| † Dromey, Jack (<i>Birmingham, Erdington</i>) (Lab) | † Reed, Mr Steve (<i>Croydon North</i>) (Lab) |
| † Foster, Kevin (<i>Torbay</i>) (Con) | † White, Chris (<i>Warwick and Leamington</i>) (Con) |
| † Heaton-Harris, Chris (<i>Daventry</i>) (Con) | † Williams, Mr Mark (<i>Ceredigion</i>) (LD) |
| † Hoare, Simon (<i>North Dorset</i>) (Con) | † Wood, Mike (<i>Dudley South</i>) (Con) |
| † Huq, Dr Rupa (<i>Ealing Central and Acton</i>) (Lab) | † Wragg, William (<i>Hazel Grove</i>) (Con) |
| † Knight, Julian (<i>Solihull</i>) (Con) | |
| † Lammy, Mr David (<i>Tottenham</i>) (Lab) | Joanna Welham, <i>Committee Clerk</i> |
| † Mahmood, Shabana (<i>Birmingham, Ladywood</i>) (Lab) | |
| Mulholland, Greg (<i>Leeds North West</i>) (LD) | † attended the Committee |

Public Bill Committee

Wednesday 13 January 2016

[MR GEORGE HOWARTH *in the Chair*]

Riot Compensation Bill

2 pm

The Chair: It might be helpful if I make a few preliminary observations. As normal, please switch any electronic devices off or to silent. Tea and coffee are not allowed in the sittings. Members may remove their jackets, if they so wish.

These proceedings are rare; they relate to a private Member's Bill. We will proceed in the normal fashion without a programme motion and with our business governed by my selection and grouping for any decisions of the Committee. In general, the procedure is similar to that of any Public Bill Committee. The Member with the lead amendment in a group will open, then I will propose the formal question, and then there will be a debate on the whole group. The Member with the lead amendment will then respond and tell us whether he or she wishes to withdraw the amendment or press it to a Division. We will deal with any votes requested on the grouped amendments formally when we get to the affected lines of the Bill. We will then move on to the next group or to clause stand part, as required.

There is no formal finish time for this sitting. Proceedings will be concluded by finishing our business and reporting the Bill, or by a Member who has the Floor—not someone intervening—moving that the Committee do now adjourn, which is itself a debatable question. If the Committee agrees to adjourn, I will invite the Member in charge of the Bill to move a sittings motion.

Clause 1

CLAIMS FOR COMPENSATION FOR RIOT DAMAGE ETC

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

Mike Wood (Dudley South) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth. This is my first Bill Committee, and for it to be on my own Bill is a particular pleasure.

I would like to express my gratitude to the people who have helped the Bill get this far. In particular, I have received support from the Home Office in drafting and preparing the Bill, both officials and Ministers, as well as from shadow Ministers and other Members in all parts of the House. They approached Second Reading in an extremely constructive fashion. I am very grateful for the widespread support for the principle that we are trying to achieve.

The Bill seeks to update the existing legislation, the Riot (Damages) Act 1886, and make it fit for the 21st century, not only to deal with factors that naturally would not have been considered when the Act was passed, but to adapt it for the changing nature of riot and riot damages. Particular thanks are also due to

Neil Kinghan, the independent reviewer, for his extremely valuable work in preparing the review that forms the basis for the Bill.

Clause 1 is a straightforward attempt to update the definition of a riot with more approachable language while maintaining the existing principle that police forces have some liability for damages caused during riots. As we will address under later clauses, however, that should not be unlimited liability.

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Mr Howarth.

The riots in 2011 saw disorder on a scale unprecedented for a generation, threatening life and limb, with businesses and homes burnt down and communities laid waste. What happened was nothing short of outrageous. I pay tribute to the police, fire and ambulance services for the role they played in the most difficult circumstances. I also pay tribute to the local communities that stood together in what were tough times. It was right that many people paid the price for what happened with their liberty, but there was then a price to be paid to the victims.

As the hon. Member for Dudley South has said—I pay warm tribute to him for pioneering the Bill, which we strongly support—the Bill is about updating the 1886 Act. There were many moving contributions on Second Reading about the severe losses of those affected by the riots in 2011 and how compensation was woefully inadequate, particularly in terms of the speed with which it was paid, as well as the scale of what was paid. My hon. Friend the Member for Ealing Central and Acton spoke movingly of her constituent, Ravi, a small business owner. It took 18 months for his shop to reopen at half the size, and he and his family were forced to live off their savings in the meantime.

My hon. Friend the Member for Croydon North spoke of the nine businesses and 40 flats that were destroyed in his constituency, putting poorer victims in severe financial difficulty. Some victims have not received the compensation that they are due to this day. The losses to people such as Ravi show that it is right that the legislation is updated to ensure that those who suffer the catastrophic consequences of riots are compensated fully and in a timely fashion.

Equally, there are other changes that we will come to shortly that necessarily deal with flaws in the existing legislation. For example, there was no mention of motor vehicles in the 1886 legislation, unsurprisingly, and no consideration of interim compensation for victims while claims were processed. There was no consideration of new-for-old replacement of damaged goods and no powers for the police to delegate administering the compensation process to experts. As a result, several years on from the 2011 riots, some victims are still waiting for more than £40 million to be paid out.

The Bill is a necessary update to very old legislation, and the broad thrust is welcome. There will be contributions during the passage of the Bill on particular issues to seek clarification and to address concerns from hon. Members who have constituency interests, but the Bill is welcome because it modernises the language of the 1886 Act and includes cars and other vehicles. It provides for much-needed interim payments and creates a new body to deal with insurance claims to avoid massive

delays and the kind of bureaucracy seen last time around. The Bill proposes the capping of payments by police forces. It is right that they are not asked to promise a blank cheque, not least because of the immense financial pressures on police forces.

In conclusion, my right hon. Friend the Member for Tottenham has spoken movingly in previous debates and on Second Reading about the impact of what happened on his community and many others. "Never again" is our determination, but we need to ensure that the victims of what happened are finally properly and fully compensated, and we need to learn the lessons of the inadequacies of the 1886 Act and bring arrangements up to date to ensure that victims are compensated. I am pleased that we are in agreement on this welcome measure, which has the support of the Opposition.

The Minister for Policing, Crime and Criminal Justice (Mike Penning): It is a pleasure to serve under your chairmanship, Mr Howarth. This private Member's Bill is a first for me as a Minister. I congratulate my hon. Friend the Member for Dudley South on piloting the Bill through. It has support from across the House. Tone is important when trying to persuade colleagues, and he is a champion of that. I apologise for not being in the House on the Friday when the Bill was debated on Second Reading, but I have read the *Hansard* report. I was not the duty Minister on that day, but my colleague, the Minister for Immigration, did very well to ensure that he read every note I gave him in the right tone.

I join the hon. Member for Birmingham, Erdington in paying tribute to the emergency services that were so valiant and brave in 2011 and in the other riots that sadly we have had over the years. We do need measures in statute to ensure compensation for those who need it; some would argue that we should have done that sooner, since this was first put in statute in 1886.

As someone born in Enfield and brought up in Tottenham, Mr Howarth, I found it very difficult to watch the riots on TV and later to visit the area where I have so many friends and relatives. That part of the world had done so much over the years, particularly since the terrible things that happened at Broadwater Farm. Politicians are supposed to be hardened, but we are not because those are our communities. I pay tribute to the right hon. Member for Tottenham, my hon. Friend the Member for Enfield, Southgate, Nick de Bois and other hon. Members now here who had their communities blighted and devastated by the riots. I say as the Minister that it is right and proper that we are here today to help the Bill through.

I have looked extensively at the amendments and spoken to hon. Members from across the House to see how we could help. I also pay tribute to my officials, who have given an extensive amount of time to ensure that we debate the Bill and get it right so that we can enact it and help our constituents in the way they need.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

PROPERTY IN RESPECT OF WHICH CLAIMS CAN BE MADE

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

Mike Wood: I will be brief, Mr Howarth. The main purpose of clause 2 is to clarify the property within the confines of the scheme, primarily extending it to motor vehicles. As has been said, 1886 was the year the first diesel engine was pioneered, so it would be too much to hope that those considering that legislation might have foreseen the extent to which the motor would come to dominate so much of our lives. The clause would explicitly extend the riot damages scheme to include motor vehicles. It also clarifies the position of mobile businesses and the equipment stored within them.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

REGULATIONS ABOUT CLAIMS PROCEDURE

Mr David Lammy (Tottenham) (Lab): I beg to move amendment 5, in clause 3, page 3, line 12, at end insert " , which must be no shorter than 132 calendar days from the day on which the riot ends".

This amendment would ensure that a person has at least 132 days from the end of the riot to make a claim for compensation.

The Chair: With this it will be convenient to discuss amendment 6, in clause 3, page 3, line 14, at end insert " , which must be no shorter than 132 calendar days from the day on which the riot ends".

This amendment would ensure that a person has at least 132 days from the end of the riot to submit details and evidence in relation to their claim.

Mr Lammy: I am grateful to serve on this Committee but sad that we find ourselves here because my constituency has seen two riots in a generation. It is right to update this legislation, and I, too, pay tribute to the hon. Member for Dudley South for his work on the Bill.

I have tabled some probing amendments that I suspect will go to regulations. The Committee will understand that these matters are of great concern to my constituents, but many hon. Members might also want to raise these issues. Amendments 5 and 6 relate to the kinds of areas that experience riots in our country and the kinds of people and businesses that find themselves having to make a claim. Hon. Members might remember that the original legislation allowed for 30 days in which to claim compensation. After much lobbying by Members and others, that was extended to the 42 days that has been landed on.

2.15 pm

Many Members across the House will recognise that many small, high street businesses were in a state of utter shock after the riots. I ask the Minister, the hon. Member for Dudley South and others to stop for a second and imagine what that must have been like. I know that all Committee members will recognise that those who run small businesses on our high streets are, by and large, people who do not rely on the state for much. They are people who get up very early in the morning and finish work very late at night. On my high street, those are independent businesses, rather than big chain stores; if they are chain stores, they are usually franchises. These are some of the most hard-working people in this country. Surprisingly, even though they do customer-facing jobs, they are a long way from the Government.

In a constituency such as mine, many small business owners are part of Britain's ethnic minority population. Many of them speak English as a second language. Many of them did not expect their businesses to be burnt to the ground and vicious looting to take place through the night, leaving their stock gone. On the Sunday morning after the riots on the Saturday, I remember many constituents standing in just their pyjamas, holding their children in their arms.

These are people who, understandably, did not even realise there was a riot damages Act. Despite the work that this Committee might do and the Bill that will follow, those people still may not know—God forbid—in 10, 15, 20, 30 or 40 years, long after we are all gone, that there is a riot damages Act. This business of the length of the notice period is therefore very significant indeed.

I think of one individual who ran an auto repair shop that was totally flooded because it was next door to the grand department store—the Union Point building—that was burnt down in my constituency. He could not get into the shop for weeks, and a heart attack ensued. The state of shock would have been so deep that I do not think he would have met the 42-day limit. I am sure hon. Members can think of constituents who are too busy dealing with the total shock of what has happened and with basic things to meet that limit—“How do I get a new credit card, now that it's gone in the fire? Where's my passport? Where have all my phone numbers gone? I've lost my diary. My identity is completely gone. I've got to claim this and claim that. I haven't got a driving licence. I can't get into the car.” Those things take weeks and weeks to sort out, never mind getting a business back into a state in which it can get moving again.

The purpose of the amendments is to extend that limit to 132 days, adding to the extra 90 days inserted by the Bill, and to probe whether, in regulations, there will be exceptions and an understanding of the medical conditions that can fall upon individuals. I am talking about small businesses, but a number of individuals lost everything, and in some ways they have even less capacity. We must think about where riots have sadly happened in the history of our country, what kinds of communities typically see them and what capacity they have to respond in such catastrophic circumstances. Given that this Committee is sitting during a period of serious flooding in our country, it is easy for Members to understand the total destitution of the people who experience such catastrophes. People are going through a similar process at the moment.

Jack Dromey: Birmingham was one of the cities hit hard by the riots, and the constituency of my hon. Friend the Member for Birmingham, Ladywood was particularly affected. I want to draw a distinction between, on the one hand, big retailers such as Next or supermarkets, which have the capacity to submit a claim quickly—they understand the process and can take advantage of the 1886 Act—and, on the other hand, smaller businesses. Business organisations have said to us—we are sympathetic to such representations—that some individuals were traumatised, some were injured, some faced financial problems and some literally faced bankruptcy. For those people to learn about the procedure, compose an application and submit it, they need time. I sense that the Government are sympathetic to the arguments that my right hon.

Friend the Member for Tottenham has powerfully deployed, so I hope that the Minister will be flexible. This amendment might usefully be made.

Mike Penning: I fully understand the thought process behind the amendments and their tone. Of course, there was an extensive consultation process, but we have to draw a line somewhere. I fully understand the points made by the right hon. Member for Tottenham and the shadow Policing Minister, as I am sure other Members do. I will commit to putting exceptional circumstances into the regulations.

The Bill is for people who have suffered and the most vulnerable. It is a safety net; that is what it is there for. The regulations will cover exactly what the right hon. Gentleman has asked for. Exceptional circumstances could easily cover medical conditions, residential properties and small and medium-sized enterprises. The Bill is rightly not about the Nexts of this world. Given what I have said and will say, I hope that Members and other people will realise that we have listened. We will do this in the regulations, which is where it should be. That commitment is now on the record, so I hope there is no need for the amendments.

Mr Lammy: I am grateful to the Minister for that undertaking and, if those regulations are forthcoming, am pleased to withdraw the amendment. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr Lammy: I beg to move amendment 3, in clause 3, page 3, line 17, leave out “may” and insert “must”.

This amendment would require the Secretary of State to require that any estimates of the cost of repairs are to be prepared by approved contractors.

The amendment deals with the approved contractors that act on behalf of the Secretary of State, engage with individuals who find themselves having to make a claim under the Riot (Damages) Act 1886 and estimate the cost of the repairs. It would be remiss of the Committee if we did not put on record the substantial findings in the months after the riots. That comes up time and again in the House, and it will come up in relation to the floods being experienced across the country.

The London Assembly committee chaired by John Biggs did very good work and published a very good report in 2012 on the riots. The committee took evidence from a range of people. The report said:

“Loss adjusters who were involved in assessing insurance claims after the riots faced a complex situation. Nevertheless, some loss adjusters behaved insensitively in handling claims, and lacked the skills needed to deal effectively with some owners of small businesses.”

As I said at the time, there is no point asking someone to provide receipts for their stock if their business has been burned to the ground. There was an inability, frankly, to understand where those small businesses were coming from and what they were facing. There were challenges in such areas as Croydon, Birmingham and Tottenham, where businesses—they are often independent, ethnic minority businesses—were made to feel like they were criminals attempting to defraud the state. I had an Adjournment debate after the riots where I expressed my concerns about the insurance industry and some—not all—loss adjusters.

I tabled the amendment to probe the Minister to say a little more about the nature of those approved contractors and how we might deal with the issue. I pay tribute to the independent review of the Riot (Damages) Act by Kinghan, which laid the foundation for much of the work that led us here. He recommended that a riot claims bureau be developed with the agreement of the Home Office and the insurance industry. He also recommended that a manual be prepared, as soon as is practicable, to provide guidance on the types of claims likely to follow a riot, including how to deal with clients unused to making claims and other issues. That is a part of his report that is pertinent to the issue raised by the amendment.

Members will understand that floods occur more often than riots in the United Kingdom, because of the nature of our geography. In 2011, much of the expertise simply was not there. The country had not seen widespread riots in the 10 years since Bradford and Oldham, and it is easy to lose the expertise, the necessary sensitivity and the understanding that the context in the communities experiencing such events is very different.

Kinghan also recommended that, in their emergency plans, local authorities should be asked to include planning for riot recovery services to provide co-ordinated advice and support. I do not know whether that recommendation relates to all local authorities, but that, too, goes to the point about expertise. It would be wrong if I did not mention loss adjusters at this point. Will the Minister say something more about the approved contractors and how we can avoid the situation that caused real concern in the communities affected?

Mr David Burrowes (Enfield, Southgate) (Con): Clause 3(4) is also about trying to prevent fraudulent claims, but I am just trying to understand what the amendment, by making this mandatory, would preclude. With approved contractors on an approved contractors list, it might be hard to identify a local authority or others outwith the approved process of the Secretary of State or local policing bodies. Is there an important flexibility that may help to a degree with timeliness? I know that the right hon. Gentleman was concerned, as I was, about the timeliness of compensation for our constituents' businesses.

2.30 pm

Mr Lammy: The hon. Gentleman makes a good point. In a sense, this is a probing amendment to get to the substance of what we are really talking about. The "must" probably goes too far; I accept that. I hope that I will get some comfort from the Minister shortly.

No one can predict when the next riot will be and no one can entirely control the individual loss adjuster who is behaving insensitively, but what one can guarantee is that, by and large, it will be in a deprived area and, if it is a high street area, it will involve independent shopkeepers. We have had a long history, over successive generations since the Windrush, of independent shopkeepers largely being of refugee and immigrant stock. I think of the parts of my constituency that are still Orthodox Jewish and of the émigrés who ran the shops many decades ago. Over the decades, different communities have run the shops. Shopkeepers find themselves in a situation where, if they have been ransacked, they are not getting

understanding from parts of the insurance industry, particularly loss adjusters, about providing receipts, for example. That is why I make the points that I do.

Mike Penning: I fully understand and also respect, not least because of the conversation that we had outside, the right hon. Gentleman's probing amendment. I have to agree with him that "must" goes a bit too far, but I fully understand exactly where the amendment is coming from.

May I say at the outset that we are looking to put together an approved list of loss adjusters who will be responsible should riots take place? Obviously this is different from the insurance side, because these measures are for people who are uninsured.

Mr Steve Reed (Croydon North) (Lab): The Minister mentioned the issue of insurance and I wanted to raise that issue in this regard. The areas that tend to be worst affected by riots tend to be poorer areas, as my right hon. Friend the Member for Tottenham has described. One of the issues that affected businesses in the London Road area just outside the town centre of Croydon—it was the London Road that was hit the hardest; that is where businesses tend to be poorer and to be led by ethnic minority owners—is that after the riots insurance premiums grew so rapidly that many of those businesses became uninsurable. That led to further pressure on those businesses to close down. The last thing that we want to see is areas that are already poor, and where businesses are starting to grow and bringing life back into those areas, being hollowed out and shops closing down. Do the Government have any intention of addressing the issue of insurance becoming unaffordable in areas that have previously been hit by the riots?

The Chair: Order. Before the Minister resumes, I want to say that I have exercised quite a bit of latitude so far in these proceedings. The hon. Member for Croydon North could well have made a very good speech consisting of exactly the words that he has just used. Interventions should be much briefer than that. I say that very gently, but advisedly.

Mike Penning: It might have been a long intervention, but I think it was very useful to the course of the debate. I am sure you would agree, Mr Howarth, even if we need to keep interventions short. Should I need to intervene on anyone, I will try to keep my intervention short as well.

I say to the hon. Member for Croydon North on that specific point that I have just had the 10th anniversary of Buncefield in my constituency, which was the largest fire and explosion in this country since the second world war. The quality of the loss adjusting in some companies was brilliant; the quality in others was appalling. The insurers were very good in some areas and did not boost the premiums, while other premiums, particularly for smaller companies, were extremely harsh. It is something I have been working on with other Departments. If the right hon. Gentleman wants to join me outside the Committee in working on that issue, I will be more than happy to do so.

With regard to the probing amendment, there are two things we have to ensure. This is taxpayers' money, so we have to make sure—this is a safety net for people

[Mike Penning]

who are uninsured—that fraud and other events do not in any way mean that taxpayers’ money is misused. However, we do not want to say that everybody will be a criminal and try to defraud; they are after help in 99% of cases. We also do not want to slow down the process of making the payments. If we look at the sheer scale of the riots in 2011—we have heard today about the myriad different communities across the country that were affected—we can see that to have all the estimates done by approved contractors would be enormously difficult.

The point about guidance was very well made; for want of a better word, on paper, it would say, “This is what should happen, should these terrible events happen again”. That was a recommendation of the review. That is something I will take away from the Committee, work on and make sure it happens.

With regard to the loss adjusters, an approved list is exactly where we need to go. On the need for this provision and the need for the word “must”, I am sure the right hon. Gentleman will agree to meet me and consider the comments I have made.

Mr Lammy: With that statement from the Minister, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn

Clause 3 ordered to stand part of the Bill.

Clause 4

THE DECISION-MAKER ON A CLAIM

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

Mike Wood: Neither police and crime commissioners nor local police forces are experts in processing claims, which is why it is important to allow those bodies to delegate the functions, particularly to loss adjusters. Provisions in clause 4(3) allow the Secretary of State to specify the persons to whom those functions may be delegated, which will hopefully achieve the objectives that the right hon. Member for Tottenham was trying to achieve through amendment 3.

Mr Burrowes: This Bill is particularly important to my constituents in Enfield, who suffered great loss. It is an area that would not have dreamed of being caught up in a riot, but was. I want to draw on situations where, instead of there being huge riots that transcend many regions, there may be an issue as to whether a riot takes place at all and whether what happens comes within the definition of riot.

In Enfield, as elsewhere, even though it was obvious that there had sadly been a riot, there was a concern and nervousness among the authorities about mentioning the word “riot”, because they would then click into a conversation. The Bill has rightly dealt with the antiquated language of the 1886 Act and the definition in the Public Order Act 1986, but there is still the same issue that liabilities follow from definitions; I know that, as a lawyer. We may not have such an obvious situation of riot on the streets of London, Birmingham or elsewhere. As a lawyer I know that when 12 or more people gather together in a public order incident, there is an issue as to

whether it comes under the strict definition of a riot or whether it is an affray or another Public Order Act incident.

When a claim is considered, the responsible person or authority is the policing authority, the appropriate decision-making body. We need to look at the process and ensure that there is not an undue conflict and that we do not wait on cases to go to court to see whether anyone mentions the word riot or wait for a determination and court judgment that says that those responsible have been convicted of riot. We do not want our constituents and businesses to have to hang on for that process, which could take a long time and be subject to further appeals and criminal court proceedings before a decision is made.

I ask the Minister whether that has been considered and whether it may be appropriate not necessarily to delegate the matter away from a policing authority, but to get an independent view from a separate prosecutorial authority. That could separate the prosecutorial function of those responsible for a public order incident from the function of determining the claim to ensure that a conflict cannot get in the way of a timely response and compensation.

Mike Penning: Obviously, that was looked at extensively. We have to be slightly careful. Unlike my learned Friend I am not legally trained, but the authority is the police—it is the police who decide and no one else. That is the definition. From the police’s point of view, if a criminal offence has taken place, a riot is defined as such by the police, who have the training and expertise to do that.

I fully understand the sensitivities of local authorities and others, but it is not their decision and it must not be. It must be the police’s decision. The wording in the Bill makes it simple as to how we define that. I understand the concerns, but they were looked at extensively.

Mr Lammy: That is a fundamental point. The Minister will understand that that goes to the heart of our policing model: that is, policing by consent. Unlike other police forces in the world, our police do not routinely carry guns; we, as citizens, police alongside the police. Therefore, given the policing by consent model, he will understand that in some scenarios the police authority may be reluctant to declare a riot. What are the safeguards in those circumstances?

Mike Penning: The right hon. Gentleman makes an important point, but that is the same as any other decision that the police make. We have an independent police who make independent decisions based on their best knowledge at the time. To say that no policeman is ever influenced by events going on is wrong. Of course they are. They can listen to arguments, but it is their decision. We looked carefully at that to ensure that the police have and can keep powers to make the decision as to what is a riot and what is not. There is a whole debate to be had about that, but the definition in the Bill is important in allowing the police to continue to have the powers that they have had. That is why I support the clause.

Question put and agreed to.

Clause 4 accordingly ordered to stand part of the Bill.

Clause 5 ordered to stand part of the Bill.

Clause 6

DELEGATION OF SECRETARY OF STATE'S FUNCTIONS

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

2.45 pm

Mr Reed: I will be brief. The proposal for the Secretary of State to be able to set up riot claims bureaux is welcome and a sensible move forward.

First, after the 2011 riots one of the problems was that communities did not have a voice in decisions taken about compensation or about models of reinvestment in affected areas. For example, in Croydon the council set up an independent riots panel with the community, but three years later, when I held a review meeting with people who had participated in the panel and with businesses and agencies affected by the riots, I found that not one of its recommendations had been implemented in full. That was extremely disappointing for the community, who had been told that they would be listened to and that action would be taken, although, regrettably, subsequently it was not.

Secondly, the riots recovery fund allocated by the Greater London Authority, a sum in excess of £20 million, was handed to the council, but half the money was spent in an area that was not among the worst affected by the riots and the other half was simply left in the bank account for several years until the GLA asked for it back—reasonably, if the money was not going to be spent. The businesses and property owners in the affected areas again felt severely let down, because not only had they been promised additional support, but it had been made available and never used.

If riot claims bureaux are to be set up, are the Government minded to ensure community representation on them? The needs and wishes of the community should be fully represented in decisions taken in the aftermath of riots, if we are ever unfortunate enough to see a repeat of the disturbances that happened in 2011.

Mike Penning: That is an important point. From my own constituents' point of view, I understand the frustration when money is sitting in a bank account and not being used by the local authority. I cannot comment on why that happened, because I do not know, but I fully understand the frustration.

If we are asking local people to take part in and to be part of their community—if we believe in localism—it is critical that they are listened to. Perhaps the hon. Gentleman and I could meet after the Committee. I will look into the recommendations that were made—I was not in post at the time—and we can see the reasons why they were not implemented and whether those reasons were logical. The Secretary of State wants the power to do something with the local community—localism in action—which is exactly what he will do.

Question put and agreed to.

Clause 6 accordingly ordered to stand part of the Bill.

Clause 7 ordered to stand part of the Bill.

Clause 8

AMOUNT AND PAYMENT OF COMPENSATION

Mr Lammy: I beg to move amendment 1, in clause 8, page 5, line 19, leave out from “compensation” to “that”.

This amendment would remove the £1 million compensation cap.

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

Amendment 4, in clause 8, page 5, line 29, at end insert—

‘(3A) Money received by the claimant from emergency or recovery funds, whether funded publicly or privately, in the aftermath of a riot must not be taken into account by the decision maker when deciding the amount of compensation to be paid.’

This amendment would ensure that money received by the claimant from emergency or recovery funds in the aftermath of a riot does not reduce the amount of compensation a claimant receives.

Amendment 2, in clause 8, page 6, leave out lines 16 and 17.

This amendment is consequential on amendment 1.

Mr Lammy: The amendment relates to the £1 million cap that the Government have landed on. I am probing what is behind the £1 million limit.

Someone who sets up a small business on Tottenham high street might buy the shopfront and have a home of sorts above the shop. In London the average price of a house is estimated to be £470,000, and the average price of a shopfront is a little more than that. A number of individuals on the high street found that they were underinsured, or not insured at all. The issue of insurance premiums in the kinds of areas affected by the riots is very real.

In response to my hon. Friend the Member for Croydon North, we do not want to see parts of our country looking like areas of America, such as the city of Detroit. That city has experienced successive riots, has a falling population and was effectively declared bankrupt a few years ago. Showing great sensitivity to those areas that experienced riots, we do not want them to become failed communities. We want them to be communities where people can set up businesses and thrive. Successive Governments in our country have been in the business of regeneration and improvement. We do not currently have areas in our country that are like Detroit.

The question of where to set the cap is in the context of the ability to find insurance, its cost and whether some of the big players on the high street decide not to come to the area. We lost easyGym, the post office and Carpetright from our high street; all were really important for us. The big issue is whether they are going to come back. If they do not come back there is no footfall for the small independent retailers and shopkeepers. How did we arrive at the £1 million cap?

We also have to look at the regional context. The cost of running a small business in Croydon is different from the cost of running one in Salford. There is currently no regional variation before us to indicate an understanding of that.

Mr Reed: My hon. Friend is making an important point. In a riot, police resources are necessarily overstretched and they have to prioritise, and they tend to prioritise the wealthier areas. Once again it is the poorer businesses that can least afford the loss that suffer. It is those areas that would be affected by the inability to claim above the cap. What is my right hon. Friend's view on that?

Mr Lammy: My hon. Friend makes a good point. He and I are regular soldiers in the fight for very poor areas. With regard to the £1 million cap, I would say that the 2011 riots were unusual. As a Londoner born and bred, I would never have imagined that on the second day I would see the constituency of Ealing Central and Acton caught up in the riots.

Mr Burrowes: Or Enfield.

Mr Lammy: The profile of Enfield is changing slightly. Colleagues in Clapham Junction were caught up in the rioting, as of course were those in Enfield, Southgate.

Dr Rupa Huq (Ealing Central and Acton) (Lab): The word on the street in Ealing, once known as Queen of the Suburbs, was that our police were diverted to Westfield, which is a shopping centre of high-value, high-end designer shops. That is why we were left empty-handed when the riots hit.

Mr Lammy: My hon. Friend makes a serious point. There was a similar context in Salford. That goes to the point about the £1 million cap meaning different things on the high streets of Tottenham, Ealing, Salford and Croydon. It goes to the cost of running a business, to the detail of loss of stock as a result of flooding or following fire damage because a business has been burnt to the ground, and it goes to insurance. We want businesses to be insured and not to have to rely fully on the legislation. Given that we do not want to have areas in our country that cannot recover because of under-insurance or no insurance, the point about the £1 million cap is very important.

I go right back to the very good Kinghan report, which of course suggested the cap in the first place. Options were explored in Kinghan's review. His first option was that we set a percentage—say, 25% or 50%—as the limit of compensation that the police or Government would pay in respect of claims paid by insurers to their customers. His second option was that we put an absolute limit on any single claim that the police or Government pay to an insurer—say, £500,000 or £1 million. The third option was that the limit be set by reference to the size of the insured business, so that the insurer receives compensation only for claims made by businesses with a turnover below the limit. I liked the third option a lot and thought it was fair, because it allowed for an understanding of the differences between small businesses.

In drafting the Bill and landing on the figure of £1 million, were the Minister's officials in touch with the Federation of Small Businesses or with high street businesses, for example small retailers and newsagents? Where did they get their estimates for the cost of running a business? Will the Minister say more about the claims we saw as a result of the rioting across the country?

Jack Dromey: If one looks back at the experience of the 2011 riots, one sees that the overwhelming majority of claims subsequently lodged were for under £1 million. Having said that, there were claims—albeit a small minority—for more than £1 million. We can understand the argument for capping the costs that fall on the police, but there is a strong argument, which my right hon. Friend the Member for Tottenham put powerfully, that we should not have an arbitrary cap of £1 million and that if losses exceed £1 million, compensation should be paid. The question in those circumstances is: who pays?

On Second Reading my right hon. Friend the Member for Tottenham made a very powerful case indeed. It is not difficult to see that for a small or medium-sized family business with, for example, substantial stock, depending upon the nature of the business, the losses sustained might exceed £1 million. I was impressed by my right hon. Friend's argument that the kind of successful high streets we want to see in our communities is a combination of the big and the small.

I remember debating at length in this very room the Localism Bill in 2010-11, which led to the initiative by Mary Portas on regeneration of our high streets, and what constitutes a successful high street. What we want is for businesses of all kinds, big and small, to come to and make a success of high streets—high streets where people want to go. Crucially, we then need confidence on the part of those businesses that in the unlikely event of a riot, they will not suffer as a consequence and that insurance cover will be provided. One therefore comes back to the cap.

We think that there is an argument for payment of compensation beyond £1 million. There is an argument that compensation of up to £1 million should, in line with historical practice, continue to fall on the police. Beyond £1 million, in circumstances where the police are under immense financial pressures, there is clearly an argument that compensation should not be paid by the police. We would ask the Minister to consider the Home Office accepting responsibility for the payment of compensation over and above £1 million as the Bill progresses.

3 pm

Mike Penning: If I may, I will speak to amendments 1, 2 and 4. I know, because I spoke extensively to the right hon. Member for Tottenham before the Committee, that he has some concerns about amendment 4 that he did not have an opportunity to talk about, but I am more than happy to take an intervention.

Mr Lammy: I am grateful. I want to raise the question of the high street funds that were set up after the riots. I pay tribute to Sir Bill Castell, chairman of the Wellcome Trust and one of our great industrialists, for all the work he did to encourage big business to fund small business. I put it to the Minister that it cannot be right that any payment from charitable interests—a high street fund helping small business on the high street—is somehow offset against the riot damage. I want reassurance. Sir Bill raised this a lot at the time and I spoke to him today. We hope that that is not to be the case.

Mike Penning: I can immediately alleviate the right hon. Gentleman's concerns. No matter where the charitable donation comes from it will be outside the £1 million, and I will set that in regulations.

Mr Reed: Croydon, of course, is the king of the suburbs. The mayor of Croydon set up a fund immediately after the riots. Many of the generous citizens of Croydon donated to that and were aghast to see that the money that was handed out to businesses and individuals that had suffered was deducted from the compensation payments made. I hope the proposal that the Minister now makes will also address such circumstances.

Mike Penning: It will. I completely agree morally that charitable donations should stay outside, whether from a lady putting 50p in a tin on the high street, as I know took place, or from some of our great businessmen coming together to offer help. I will set that in regulations. I hope that alleviates concerns on amendment 4.

On the £1 million cap, we have to be honest about what the Bill is for. It is a safety net for those who are not insured should a riot affect them and their businesses. Of course, if it is taxpayers' money a limit has to be set somewhere, and 99% of all claims following the terrible riots that took place across the country in 2011 were below that limit. I am happy to share that information with colleagues before Report.

In looking at where to set the cap, we should not encourage people not to be insured or insurers to take the view that the state will pick up the cost for which they and businesses have responsibility. That is why we set the cap at £1 million. I will make the commitment today that that will be continually reviewed within regulations without the need for primary legislation. At the moment we have very low inflation nationally, although building and residential inflation is quite high, particularly in London. We will keep a close eye on that but there has to be a limit. There cannot be a blank cheque from the taxpayer; I think we all accept that.

In response to the shadow Minister's point, if the money comes out of the police or Home Office budget, it is still taxpayers' money and there is a limited amount available. I think £1 million is fair and we will keep it under review. We will also ensure that charitable donations, no matter where they come from, are exempt, and I will place that in the regulations for the Bill. I hope that the amendment will be withdrawn.

Mr Lammy: I am grateful for what the Minister said about the charitable donations set up after the riots and the points I made about the high street fund. I am still a little concerned about the £1 million figure because regionality has not really been addressed by the Minister. There are big differences across the country.

Mike Penning: Perhaps I could offer an olive branch. I will write to members of the Committee explaining the logic and thought processes behind the decision, rather than putting the question to a vote now, which would prevent it being brought back on Report. If the right hon. Gentleman is still concerned on Report, options will be open to him then.

Mr Lammy: I am grateful for that undertaking from the Minister. With that, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 8 ordered to stand part of the Bill.

Clauses 9 and 10 ordered to stand part of the Bill.

Clause 11

REGULATIONS

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

Mike Wood: Earlier, I referred to mobile businesses being within the scope of the Bill. To clarify, they are not in the Bill but the intention is to include property contained within mobile businesses in the regulations. I hope that the Minister will take that on board.

Question put and agreed to.

Clause 11 accordingly ordered to stand part of the Bill.

Clause 12 ordered to stand part of the Bill.

Schedule agreed to.

Question proposed, That the Chair do report the Bill to the House.

Mike Penning: On a point of order, Mr Howarth. May I take the opportunity to thank my hon. Friend the Member for Dudley South on his excellent work in bringing the Bill through Committee, and to thank colleagues across the House for their tone and attitude? They have represented their constituents brilliantly. When the Bill becomes law after Report and Third Reading, I hope that people will not need to use it any time soon. We all hope and pray that riots will not take place in our constituencies. Sadly, they sometimes do, but we will now be better prepared to compensate those who are not insured when that happens. I pay tribute to the independent reviewer—who is, I am sure, listening intently—for their excellent work, and I pay tribute to the Bill Committee.

The Chair: I think that that was a point of order. I will happily accept it.

Mr Lammy: On a point of order, Mr Howarth. May I put on record my gratitude to Mr Kinghan for all his work on the review, and for spending time with me? This has not come up in Committee, but there were five fatalities during the riots in 2011, and I am sure all hon. Members would want to send their sympathies to the victims' families. Such fatalities are not the sort of thing that we associate with riots in this country. This is a very serious matter, and for that reason we are all grateful to have served on the Committee under your chairmanship, Mr Howarth.

Question put and agreed to.

Bill accordingly to be reported, without amendment.

3.9 pm

Committee rose.

