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HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

WELFARE REFORM AND WORK BILL

Tenth Sitting

Thursday 15 October 2015

(Afternoon)

CONTENTS

CLAUSES 19 to 22 agreed to, with amendments.

New clauses considered.

Adjourned till Tuesday 20 October at twenty-five past Nine o'clock.

Written evidence reported to the House.

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IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chairs: †ALBERT OWEN, MR GARY STREETER

- | | |
|---|---|
| † Abrahams, Debbie (<i>Oldham East and Saddleworth</i>) (Lab) | † Phillips, Jess (<i>Birmingham, Yardley</i>) (Lab) |
| † Atkins, Victoria (<i>Louth and Horncastle</i>) (Con) | † Scully, Paul (<i>Sutton and Cheam</i>) (Con) |
| † Bardell, Hannah (<i>Livingston</i>) (SNP) | † Shah, Naz (<i>Bradford West</i>) (Lab) |
| Churchill, Jo (<i>Bury St Edmunds</i>) (Con) | † Shelbrooke, Alec (<i>Elmet and Rothwell</i>) (Con) |
| † Coyle, Neil (<i>Bermondsey and Old Southwark</i>) (Lab) | † Thornberry, Emily (<i>Islington South and Finsbury</i>) (Lab) |
| † Dowd, Peter (<i>Bootle</i>) (Lab) | † Vara, Mr Shailesh (<i>Parliamentary Under-Secretary of State for Work and Pensions</i>) |
| † Heaton-Jones, Peter (<i>North Devon</i>) (Con) | † Whately, Helen (<i>Faversham and Mid Kent</i>) (Con) |
| † Hinds, Damian (<i>Exchequer Secretary to the Treasury</i>) | Wilson, Corri (<i>Ayr, Carrick and Cumnock</i>) (SNP) |
| † Lynch, Holly (<i>Halifax</i>) (Lab) | |
| † Milling, Amanda (<i>Cannock Chase</i>) (Con) | Marek Kubala, Ben Williams, <i>Committee Clerks</i> |
| † Opperman, Guy (<i>Hexham</i>) (Con) | |
| † Patel, Priti (<i>Minister for Employment</i>) | † attended the Committee |

Public Bill Committee

Thursday 15 October 2015

(Afternoon)

[ALBERT OWEN *in the Chair*]

Welfare Reform and Work Bill

Clause 19

REDUCTION IN SOCIAL HOUSING RENTS

2 pm

Amendments made: 145, in clause 19, page 18, line 13, after “amount” insert “of rent”.

This amendment is a drafting point.

Amendment 146, in clause 19, page 18, line 13, after “in” insert “respect of”.

Amendment 169, in clause 19, page 18, line 14, at end insert—

“() If—

- (a) the tenancy of particular social housing comes to an end after part of a relevant year has elapsed, or
- (b) this section ceases to apply in relation to the tenancy of particular social housing after part of a relevant year has elapsed,

the requirement in subsection (1) has effect in relation to the part of the relevant year falling before that time with a proportionate reduction in the maximum amount of rent payable to the registered provider by the tenant.”.

This amendment makes clear that the reduction in rent required by clause 19(1) applies on a pro rata basis.

Amendment 170, in clause 19, page 18, line 15, leave out subsection (2).

This amendment is a drafting change.

Amendment 171, in clause 19, page 18, line 16, leave out subsection (3) and insert—

“(3) The amount of rent payable to the registered provider by the tenant in respect of the 12 months preceding the first relevant year is to be treated for the purposes of subsection (1) as having been the greater of the following amounts—

- (a) the amount of rent that would have been payable in respect of those 12 months if the rate of rent applicable at the beginning of 8 July 2015 had applied during those 12 months, and
- (b) if the Secretary of State consents to the use by the registered provider of a different day (“the permitted review day”), the amount of rent that would have been payable in respect of those 12 months if the rate of rent applicable at the beginning of the permitted review day had applied during those 12 months.

(3A) A consent given for the purposes of subsection (3) may be a consent given for a particular case or for a description of cases.

(3B) If a tenancy existing in the first relevant year began before the beginning of 8 July 2015 but less than 12 months before the beginning of the first relevant year, the tenancy is to be treated for the purposes of subsection (1) as having begun at least 12 months before the first relevant year (and subsection (3) is to have effect accordingly).”—(*Guy Opperman.*)

This amendment clarifies certain points: that subsection (1) applies to a tenancy in existence on 8 July 2015 whether or not the tenancy had existed for the 12 months preceding the first relevant year; that a consent to use a different day for the rent calculation may be given for a description of cases; and that a registered provider who has consent to use a different day may choose to limit the first relevant year's rent by reference to the greater amount.

The Parliamentary Under-Secretary of State for Work and Pensions (Mr Shailesh Vara): I beg to move amendment 172, in clause 19, page 18, line 25, leave out subsections (4) to (6).

This amendment and amendments NC19 and NS1 alter the provision for determining the amount of rent payable in respect of the first relevant year (or a later relevant year) in cases not covered by clause 19(1).

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

Government amendments 174, 175, 178 and 179.

Government new clause 19—*Further provision about social housing rents.*

Government new clause 20—*Provision about excepted cases.*

Government new clause 21—*Rent standards.*

Government new clause 22—*Interpretation.*

Government new schedule 1—*Further provision about social housing rents.*

Government amendments 180 to 183.

Mr Vara: It is good see you this afternoon, Mr Owen, as it was this morning.

We recognise that tenancies will start at different points in the four years of rent reductions and that providers will want to know what rent is set on re-lets for new social housing and for conversions to affordable rent. First, I turn to the more substantial amendments in the group, which make more detailed provision for this situation than clause 19 as introduced. They enable a provider to determine the amount of rent that is initially payable when a tenancy begins after 8 July 2015. The cases are not covered by clause 19(1), which applies to the generality of tenants who were tenants of their social housing on 8 July. Clause 19(1) also governs the future rent reductions for all tenants whose tenancies began after 8 July 2015, once they have been tenants for a full relevant year.

New schedule 1 sets out the details of how rent should be set for different types of new tenancies starting after 8 July 2015. It also provides for exceptions, exemptions and enforcement of the schedule. Part 1 provisions are intended to clarify how the rent reduction requirements should be applied in relation to new tenancies after 8 July, whether that is a re-let of existing housing, new social housing or letting at affordable rent. In the first of those instances, re-lets that exist in social housing will be able to be let at the greater of a social rent or an assumed rent rate.

The social rent rate, which is prescribed in subparagraph (4) of new schedule 1, is set in relation to a formula that will be set out in regulations. Subparagraphs (7) and (8) provide that the Secretary of State may define “formula rate” in the regulations. Our intention is that the regulations will mirror the formula set out in the rent standard guidance and the Government’s guidance on rent. For supported housing, we will continue to allow rents to be set at up to 10% above formula. I appreciate that these are important issues for social housing providers, so I draw Members’ attention to this change.

The assumed rent rate, which is prescribed in subparagraph (5), is based on the rent that was payable under a tenancy in place on 8 July, but the calculation reflects the rent reduction requirement. This is important

for providers whose rents have historically been set higher than the formula rent at 8 July 2015. In those circumstances, we do not want providers losing more than 1% year-on-year in rent reductions, which would have been the case if rents for all new tenancies were set with reference to the social rent rate.

Sub-paragraph (6) clarifies that, if the tenant is in that social housing for a part of the year only, or if the requirement ceases to apply because of an exception or exemption, the reduction in rent applies on a pro rata basis. In instances of new social housing, the rent will be set with reference to the social rent rate as described above. Paragraph 3 sets out the case for a person becoming a tenant of affordable rent housing after 8 July 2015.

Sub-paragraphs (2) to (4) provide that the rent payable by that tenant should be set at no more than 80% of what would be the market rent for that social housing and that, in the following years, a reduction of 1% per annum applies. Again, such rents will be on a pro rata basis if appropriate. What constitutes affordable rent housing will be set out in regulations made under paragraph 4. The intention is to mirror the existing policy that homes should be let at affordable rent levels only in certain circumstances, including where there are agreements or arrangements with the Homes and Communities Agency, the Greater London Authority and the Secretary of State, to control housing benefit costs.

Part 2 of the new schedule sets out exceptions to, exemptions from, and the enforcement of, the requirements in part 1. Paragraph 5 makes provision for exceptions that mirror those set out in clause 20, namely low-cost home ownership and shared home ownership accommodation, and various exceptions applicable to mortgagees and other lenders when those persons take steps to enforce a security. Paragraph 5(4) gives the Secretary of State a power to make regulations to disapply the requirements of part 1 in other cases, set out in sub-paragraph (5). In particular, the regulations may include provisions on tenants, tenancies, accommodation and events. They may also include provisions on high-income social tenants and on periods when a tenant's rent is temporarily reduced or waived.

Paragraph 6 of the new schedule relates to the granting of exemptions by the regulator or the Secretary of State and makes equivalent provision to that in clause 22. Paragraph 7 gives the Secretary of State a power to make provision about the enforcement of the schedule, including provisions to apply part 2 of the Housing and Regeneration Act 2008 with modifications.

Part 3 of the new schedule sets out the conditions relating to regulations made under the schedule. Paragraph 9(2) provides that providers must have regard to guidance when determining assumed rent in cases of properties that were not tenanted on 8 July 2015.

Amendment 172 removes the provision made for other cases in the Bill as introduced. Amendment 174 is a drafting amendment linked to new clause 20 on excepted cases under the new schedule and new clause 19, and is necessary to introduce the new schedule. Amendments 175, 178 and 179 are minor technical amendments consequential on new clause 22 and, in the case of amendment 175, on new clause 21.

New clause 21 expands the provision in clause 19(9) of the Bill as introduced. Sections 194(2A) and 198(3) of the 2008 Act give the regulator of social housing the

powers to set and revise standards relating to levels of rent. The new clause ensures that the regulator may not issue standards inconsistent with the provisions on social housing rent in the Bill.

New clause 22 simply gives the meaning of various terms set out in the provisions on social housing rent in the Bill. In particular, subsections (3) and (4) clarify when a tenancy begins, when a tenancy is to be treated as continuing although a new tenancy has been granted, and when a tenancy that has been assigned should be treated as coming to an end. The new clause clarifies the position in respect of new grants of tenancies to the same tenant, including at least one of the tenants who formerly held a joint tenancy, as well as certain changes of tenancy under schedule 1 of the Rent Act 1977 and assignments by way of exchange.

I turn briefly now to new clause 20, which provides the Secretary of State with a power to make regulations regarding the maximum amount of rent payable by a tenant in a category excepted by regulations under clause 20 or the new schedule. It also enables the Secretary of State to make provision regarding the maximum amount of rent payable by a tenant who ceases to be excepted from the rent reduction provisions. Those powers are important as they enable the Secretary of State to make regulations to establish the appropriate rent regime for such excepted cases. In so doing, they give flexibility to make provision for special cases—for example, supported accommodation and tenants whose rent has been temporarily reduced. Providers, at present, have discretion to charge high-income social tenants a higher rent, and it is the Government's intention to except such tenants from the rent reduction provisions. It is important to ensure, however, that if a tenant's income drops below the high-income threshold, they will no longer be required to pay a higher rent, and the Secretary of State will be able to require that under the regulations.

We also recognise that providers' individual circumstances will differ significantly, and the new clause will give the Secretary of State power to provide in regulations for an exemption regime if a provider needs it. The new clause will also enable regulations to provide for enforcement of the regulations by the regulator. Amendment 180 is consequential on the addition of the new clauses and the new schedule to the Bill.

Amendments 181 to 183 are technical and relate to the date upon which the various provisions come into force. Amendment 181 will ensure that the provisions exempting a registered provider from the rent-reduction measures can come into force from the date of Royal Assent. Although we do not expect registered providers to plan on the basis that an exemption will be granted, it is nevertheless important that a provision is put in place quickly where it is needed. Amendment 182 is consequential on amendment 181. Amendment 183 is consequential on the addition of the new clauses and the new schedule and will enable the Secretary of State to introduce regulations quickly following Royal Assent. The Bill provides that such regulations will come into force on other appointed days for other purposes. The intention is to bring the Bill's provisions into force on 1 April 2016.

I wish to make a clarification. Earlier, I said that paragraph 6 relates to the granting of exemptions by the regulator or the Secretary of State. I said that it makes equivalent provision to that in clause 22. I should have said clause 21.

[Mr Vara]

I thank you, Mr Owen, and colleagues for forbearing in listening to these detailed, technical and necessary comments. I am sure everyone will appreciate that it is necessary to provide such detail on the changes.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): As I said this morning, I accept that these are technical amendments. We will scrutinise them in detail, but I will make more general remarks in relation to my own amendments.

Amendment 172 agreed to.

Amendments made: 147, in clause 19, page 19, line 9, after “a” insert “private”.

This amendment and amendment 148 secure that only private registered providers may have relevant years starting on a date other than 1 April.

Amendment 173, in clause 19, page 19, line 10, leave out “tenants” and insert “tenancies”.

This amendment secures that a private registered provider’s usual practice is determined by reference to numbers of tenancies.

Amendment 148, in clause 19, page 19, line 19, after “A” insert “private”.

Amendment 174, in clause 19, page 19, line 22, at end insert—

“() This section is subject to—

(a) section (Provision for excepted cases) (provision for excepted cases);

(b) Schedule (Further provision about social housing rents) (further provision about social housing rents).”

This amendment is a drafting change linked to amendment NC20 (a new clause about excepted cases) and amendment NS1 (a new Schedule making provision about initial levels of rent for tenancies beginning after the beginning of 8 July 2015).

Amendment 175, in clause 19, page 19, line 23, leave out subsections (9) and (10).—(*Guy Opperman.*)

This amendment and amendments NC21 and NC22 secure that the provision in subsections (9) to (10) is also applied to the provision about levels of rent that appears in the new clause and new Schedule added by amendments NC20 and NS1.

2.15 pm

Debbie Abrahams: I beg to move amendment 21, in clause 19, page 19, line 25, at end insert—

“(9A) The Secretary of State must, within 12 months of this section coming into force, produce a plan to offset the impact of lower social rents on housing associations and local government.”

To require the Secretary of State to produce a plan to offset the impact of lower social rents on housing associations, so that their ability to build new affordable homes is not affected.

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

Amendment 85, in clause 19, page 19, line 25, at end insert—

“(9A) The Secretary of State must, within 12 months of this section coming into force, produce a report outlining the impact of the reduction in social housing rents on the availability of accessible and supported housing.”

To require the Secretary of State to report on the impact of lower social rents on the availability of accessible and supported housing.

Amendment 184, in clause 19, page 19, line 35, at end insert—

“(11) Sections 19 to 22 will cease to have effect on 1 April 2020.”

The Bill as currently drafted does not explicitly provide for the end of the rent reduction policy in 2020. This amendment would clarify this.

Debbie Abrahams: I hope everyone has had a good lunch. The amendments are in my name and those of my hon. Friends.

Clause 19 requires registered social housing providers to reduce the amount of rent payable by a tenant in social housing in England by 1% a year for four years from 1 April 2016. The Government argue that the measure will save money paid on housing benefits. They estimate in the impact assessment that the saving will be approximately £1.995 billion, which, on the surface, seems like a good deal for social tenants. However, there are significant implications for current and future renters.

The Local Government Association has estimated that councils in England will lose more than £2.6 billion, and that 19,000 fewer affordable homes will be built by 2019-20 as a result of the measure. I will come to what that will mean in terms of fewer homes in my area of Oldham, but for housing associations in general, the situation is even worse. The National Housing Federation calculation is that housing association income, collectively, will reduce by £3.85 billion over the next four years, resulting in 27,000 fewer homes being built. That contrasts markedly with the Office for Budget Responsibility assessment in the Budget, which predicts 14,000 fewer affordable homes being built.

Will the Minister confirm how that discrepancy has arisen? Is there a calculation that we are not aware of? Exactly how has that difference come up between the OBR’s 14,000 and the figures of the LGA and the NHF? May I also ask why that was not included in the impact assessment process? At the same time, will he confirm the actual figure for loss of income to be suffered by housing associations by 2020? My colleagues will want to comment about their own areas, but in my area the estimate for loss of income is £15 million. In places such as Oldham, that has significant implications for affordable homes.

In May 2014, following the 2013 spending review, the Government committed to a 10-year rent settlement, which was meant to introduce the necessary long-term certainty needed to attract private investment into building new affordable homes. What has changed? As a result of the longer-term planning with assumptions about what rental incomes they would be receiving, housing associations have been able to borrow for house building at reasonable rates, attracting £6 from the private sector for every £1 of public money, as the Minister said this morning. Moody’s, the rating agency for the social landlords, commented that the change to the 10-year rent settlement and long-term planning came out of the blue, without any consultation, and is making things incredibly difficult, threatening the viability of many housing associations. We will debate that under a subsequent clause. The OBR acknowledged the difficulty caused by such a sudden change—it is due to be implemented next year. It also said—this is absolutely key—that:

“We do not expect private sector house-builders to offset this effect to any material degree.”

That is in paragraph 3.84 of the OBR publication accompanying the July Budget.

The ability of housing associations to borrow and the effect of the measure on their ability to build more affordable homes are key concerns not only of housing commentators, but of the 1.38 million or so people who are on local authority housing lists—that is a 2014

figure, the latest produced by the Government—71% of whom are in receipt of housing benefit. I will be grateful if the Minister confirms what assessment has been undertaken. How will the provision affect social housing waiting lists? We know from last year's Work and Pensions Committee report on affordable housing that there are considerable issues for people in receipt of housing benefit in being taken on by private sector landlords. What will be the impact of the measure on social housing waiting lists and people's ability to move into the private rented sector?

It is important that we look at what the Government are proposing in the context of the housing market as a whole. Most people recognise—possibly the Government do not—that there is a housing crisis in this country, and this measure will make it worse. The Government's own figures show that from 2012 onwards there has been a huge decline in affordable homes being built, from 37,680 in 2012 to 10,840 in 2014. That brings it to a 20-year low.

Neil Coyle (Bermondsey and Old Southwark) (Lab): My hon. Friend may be aware that my local authority, Southwark, is the largest landlord in London. In the previous Parliament, it was able to build more affordable homes than any other local authority, and it has a commitment to 11,000 new council homes in a welcome house building programme. However, the measures in the Bill would leave Southwark Council's housing revenue account with a loss of £62.5 million by 2019-20, and in that year it would lose £28.2 million, with a knock-on effect on its ability to provide sufficient accommodation. I hope the Minister will commit to meeting my council to address those concerns, and I would welcome my hon. Friend encouraging him to do so.

Debbie Abrahams: As my hon. Friend rightly says, Southwark is the largest housing provider in London, and London faces particular issues.

Policy measures that have already been implemented have exacerbated the problems that we face on affordable homes. For example, the Government waived the mandatory quota for building affordable homes in new developments, which has further contributed to the poor quantity of affordable homes. The coalition Government allow developers to build more properties for rent in the private rented market, and by deregulating what was already the least regulated private rental sector in Europe, they open the door to rogue landlords.

The Government used £12 billion of taxpayers' money to guarantee £130 billion of new mortgage lending in the form of the Help to Buy scheme. That has done little to help renters become buyers and homeowners. Instead, it has fuelled increases in new house prices and private sector rents, as many owners either sell or rent their properties as soon as the subsidies run out, and the increase in private sector rents has fuelled the increase in the housing benefit bill over the past five years. It has gone up from £4.4 billion in 2009-10 to £24 billion in 2014-15.

Neil Coyle: To further demonstrate the Government's inability to understand the housing crisis in London in particular, is my hon. Friend aware that the Help to Buy scheme helped a very round number of people in the run-up to May 2015—an incredibly round number of

zero—and that I have written to the Government to ask for improvements to the scheme? Unfortunately, no sufficient response was forthcoming.

Debbie Abrahams: My hon. Friend makes an important point. To be honest, I am not surprised. The Minister this morning was unclear about the rise in the housing benefit bill. As I was saying, it is up from £4.4 billion in 2009-10 to £24 billion in 2014-15—those are the actual figures. I know my hon. Friends will want to raise this point, but I will bring it up first: the number of people in work and claiming housing benefit has doubled to 1.1 million since May 2010.

Neil Coyle: Those people in work are also paying taxes. There seems to be some misunderstanding on the Government Benches about who pays taxes in this country.

Debbie Abrahams: Absolutely. The language used is sometimes unfortunate; it leads to a misconception that is commonly put out to the public arena. We all have an obligation to not mislead the public.

Extending the right to buy, which was mooted in the Tory party manifesto and set out this week in the Housing and Planning Bill, may increase homeownership—we all want to encourage homeownership—but without building more social housing, the extension will just reduce the supply of affordable homes for people on low income to rent. What will happen then? The average house price in the UK is more than £180,000. In London, it is more than £460,000. It has been estimated that it would take 22 years for people on low and middle incomes to save for a deposit.

I remind the Government of all the warm words from last week's Tory party conference about helping people in poverty and with low incomes. There is a practical measure that the Government can take to do something about that, and I challenge them to do so. Housing is one of the biggest costs families face, and the Government's plan will make the situation worse. Many young people, but not exclusively young people, are living with their parents or renting—the so-called “generation rent”. Inequalities are unfortunately increasing, not only in income but in wealth and assets, such as housing and land. Those inequalities, including the cost and availability of land, are key to addressing the housing crisis.

In addition to the effects of the plans on the building of affordable homes, there will undoubtedly be an impact on housing repair and regeneration programmes. The Local Government Association estimates that the loss in income from rent is equivalent to 60% of all local authorities' total housing maintenance budget. That is significant. Ultimately, there will be an impact on both the integrity and the condition of the stock, and on maintaining decent home standards.

Peter Dowd (Bootle) (Lab): Is my hon. Friend aware of any Government assessment of the medium to longer-term impact of the policy? If they denude associations of cash now, it saves the Government their £250 million or £300 million, but in the longer term, trying to claw back the lack of investment and denuding of the infrastructure might cost double or triple that.

Debbie Abrahams: My hon. Friend makes a valid point that needs to be driven home. There is such a poor evidence base to justify the policy. The Government have calculated the savings to the housing benefit bill, but the potential impact in other areas is significant. As a former public health consultant—I qualified in the '90s—I can remember the housing issues such as the need for rehousing on medical grounds, which was commonplace due to the poor quality of housing. A lot has been done to improve housing conditions through the decent homes programme and so on, and we do not want to reverse that. It would be particularly harmful to tenants, and particularly the young.

Naz Shah (Bradford West) (Lab): Is the Minister aware that the measure will disproportionately affect certain housing associations in my constituency that cater for larger families? We have had the bedroom tax, and these measures feel like an extension of that sanction, which particularly affects more vulnerable people, such as women fleeing domestic violence. The Black Women's Support Project in Bradford will suffer; I know because had a conversation with the chief executive, as I have served on the board in the past.

2.30 pm

Debbie Abrahams: Again, my hon. Friend makes a valid point. Yes, there will be a small reduction in rent, which will be reflected in a reduction in housing benefit, but the cumulative impacts on individual families and in other spending areas will be considerable.

My point is that the measures will particularly affect the very young, the very old and people with existing health conditions and disabilities. As we anticipate, that is a logical consequence of reducing the maintenance budget, because the quality of housing will be affected. What assessment has been made? It is clear that the provision will push more households into the private rented sector, where there are currently 1.5 million families with insecure tenancies who could be evicted with as little as two months' notice. Homelessness and rough sleeping have risen over the past five years, with 54,000 accepted as homeless, up 36% since 2010, and 920 families with children being illegally housed in bed and breakfasts for longer than six weeks because there is no affordable housing. That figure has risen by 820%. Again, how is it anticipated the measures will affect the homelessness figures?

Neil Coyle: On the point about homelessness, is my hon. Friend aware that in London since 2010, the number of former armed forces members sleeping rough has risen elevenfold, and does she agree that that heaps shame on the Government's attitude towards those who have served in our country's armed forces?

Debbie Abrahams: My hon. Friend makes a valid point. People whom we should be supporting after their service to our country are unfortunately finding themselves without a roof over their head. I say "unfortunately"; there are means to prevent it. The measure will stop the roll-out of the affordable homes programme and have an impact on armed forces personnel and people leaving care, who are more likely to need affordable homes. A whole host of people will be impacted.

What assessment has been undertaken of the viability of registered social landlords? I know that we will debate that when we come to a later clause, but given the risks that people already face, for example from the introduction of universal credit and the lowering of the benefit cap, housing associations have a genuine concern about how they will measure it in practice. I refer to one of my own local housing associations. I mentioned the £15 million reduction in income from rent; it will have to deal with that, including through redundancies and by rowing back on some of the programmes by which it hoped to upgrade accommodation. What assessment has been made of the risks being shifted to housing associations?

Amendment 21 would compel the Secretary of State to produce a plan within 12 months of the provision coming into force to offset the impact of the reduction in rent, so that the building of affordable homes is not affected. We are asking the Government to say within 12 months how they will stop the building of affordable homes being pared back, as the LGA and the NHF anticipate.

Peter Dowd: I am sure that my hon. Friend is not aware of this; I do not know whether the Minister is aware, but it would be interesting if my hon. Friend could check it out in due course. Riverside Housing Association, which is one of my local housing associations, estimates that the rent reductions will require an additional internal subsidy of £12,000 per home built for rent, and an additional internal subsidy of £12 million for the current programme—a 50% increase. Are the Government aware of the implications for building when they take that much money out of the system in one fell swoop? Do they seriously believe that that will not have an impact on housing in the medium term?

The Chair: Order. Before I ask the hon. Member for Oldham East and Saddleworth to continue her speech, may I say that the Minister will be on his feet later, so if Back-Bench Members wish to ask him a question they will be able to do so directly?

Debbie Abrahams: Thank you, Mr Owen, for that clarification. My hon. Friend makes a relevant point, and perhaps he will ask the Minister directly.

Amendment 85 would require the Secretary of State to produce a report on the availability of accessible and supported housing. Finally, amendment 184 would introduce a sunset clause so that there would be no further reductions in rent after 2020. These things have a way of continuing, so we want to ensure that it is clear that the Government intend there to be no further rent reductions after 2020.

Mr Vara: I am grateful to the hon. Lady for the measured way she has approached the debate and presented the case for her amendments. I am grateful to her for moving amendments 21 and 85, because they give me the opportunity to set out clearly why we have put these measures in the Bill.

The housing benefit bill for England in the social sector now stands at £13 billion, having risen by nearly a fifth over the past ten years. Rising rents in the social housing sector are fuelling that increase, with average rent increases in the social sector more than double

those in the private sector over the past five years. The Government are determined to put welfare spending on a sustainable footing and reduce the deficit while protecting the most vulnerable. We made commitments to deliver £12 billion of welfare savings, and the scale of the housing benefit bill means that we must address it, including through social rents, if we are to reduce the deficit.

Neil Coyle: The Minister's concern for the rising rents in housing associations might be more welcome if it were married with concern for the rise in the private rented sector. Why is the Minister reluctant to address the concern of 70,000 private renters in Southwark and the steep rent rises they face?

Mr Vara: Let us talk about the private rented sector. In the years 2004 to 2014, the rent increase in the private rented sector was 23%, according to the Office for National Statistics. In the same period, the social housing rent increased by 63%. If that does not show that there is a difference, I do not know what does.

Emily Thornberry: I would be happy to take the Minister around Islington, where, I can assure him, the social rent levels are very much lower than private rent levels and the private rents are going up enormously. In my borough, we have great problems finding accommodation for people in the private rented sector if we cannot provide sufficient housing for them in the social rented sector, which we cannot. Our concern is that everything that the Government are currently doing is undermining the social rented sector and will, in the end, lead to a bigger benefit bill.

Mr Vara: I am grateful to the hon. Lady for her contribution, but I suggest she takes up the issue with the Office for National Statistics, rather than with me, as it is a highly regarded independent body. I am minded to say that the vast majority of the public will agree with the ONS, rather than with her.

Peter Dowd: May I ask for clarity? The whole point about the public sector is that it reinvests the money into new houses, new stock, decent homes and so on. The corporate group of the public sector tends to do that—it is part of its *raison d'être*—but the private sector is not doing it. Will the Minister give his view on that?

Mr Vara: I thank the hon. Gentleman for that contribution. I am mindful of the fact that he was a council leader before entering Parliament, and he brings added value to the Committee, and indeed the House, as a result. I will address the issue he has referred to and the argument that there will be a reduction in housing, so if he will please bear with me for a while longer, I will tell him why I believe that these measures will not have the impact that Opposition Members seem to think they will.

The Government have taken the decision to reduce rent increases within the social sector, which is good news for tenants. Just as I did on Tuesday, I pay tribute to the right hon. Member for East Ham (Stephen Timms), who acknowledged on Second Reading that the 1% reduction was a good thing and that he supported it. He is a distinguished Member of Parliament, and I

am sorry that the Opposition Front Bench team has been deprived of the benefits he brought to it. He is a former Chief Secretary to the Treasury and a former Department for Work and Pensions Minister, and commands respect on both sides of the House. Given his ministerial experience, he knows the real position, and he said that he felt the 1% reduction was necessary. To be fair to him, he said he had concerns about the housing stock; I will address those concerns shortly, as I said to the hon. Member for Bootle. However, he recognised that the 1% reduction is necessary.

Rents paid by social housing tenants in England will reduce by 1% a year for four years from 2016. That means that by 2020 they will be paying roughly £12 per week less than they would have had to pay under the current policy of increases at a rate of the consumer prices index plus 1%. The policy will also help taxpayers, who are subsidising rents through the rising housing benefit bill. It is interesting that we have heard a lot of comments regarding housing associations, but no one seems to be acknowledging the financial benefit of £12 a week to the people living in those houses.

Jess Phillips (Birmingham, Yardley) (Lab): To return to the Minister's point about the benefit to the taxpayer, people living in lots of different types of supported accommodation, in social housing or in housing association housing are also in work and are taxpayers. I wonder how many times we will have to repeat that point to the Minister. They are not two distinct groups. Everybody pays tax, so will he please stop making out that one group of people is paying for another?

Mr Vara: The hon. Lady speaks of one group. The only conversations we hear are about the people she refers to; she does not talk about the people who are paying through their taxes for social housing but do not live in it. She speaks of a distinction she would rather I did not make—she would rather that we all spoke of just one group. She needs to recognise that there is another group. Perhaps she might reflect on those people occasionally.

Jess Phillips: Is the Minister telling me that the taxes of people who do not live in social housing are put in one pot and the taxes of people who do are put into another, and that those pots pay for different things? Am I confused, or is that money mixed?

The Chair: Order. This is a debate, and I am sure that the Minister will deal with the questions that have been raised.

Mr Vara: We need to treat this debate as one taking place in Parliament, not in a sixth-form debating society.

The Chair: Order. I am conducting a Bill Committee at parliamentary level, and I am sure that the Minister will respond at that level.

Mr Vara: Absolutely, Mr Owen. I refer to all taxpayers, whether or not they are in social housing. All are equal in the contribution they make, but we must recognise that the taxpayer is paying a huge amount into the social housing budget at the moment. We have decided

[Mr Vara]

that a 1% reduction is fair. An argument has been put forward about there being inadequate housing; I will come to that shortly.

2.45 pm

We recognise that the reductions will have an impact on registered providers of social housing, although we believe that most will be able to manage them. We need to reflect and remember, as Opposition Members conveniently forget to do, that many housing associations are in a robust financial position, with strong balance sheets and £2.4 billion of surplus in 2014. We need to recognise that 165 local authorities with a housing revenue account have built up housing revenue account reserves of almost £2.2 billion.

Naz Shah *rose*—

Mr Vara: A lot of questions were asked, and I would like to have the opportunity to address the issue of additional funds. I will give way to the hon. Lady in due course.

We need to recognise the £2.4 billion in surplus funds that housing associations have and the £2.2 billion that the 165 local authorities have in their housing revenue accounts. We should also remember the Government's £10 billion debt guarantee scheme to support the delivery of new rental homes, and we are encouraging the supply of new homes with a £1 billion build to rent fund.

Naz Shah: Will the Minister give way?

Mr Vara: I will not for the moment.

The Government remain committed to the delivery of 275,000 homes over the course of this Parliament. I remind Opposition Members that we have a track record of delivery—in the past five years we delivered more affordable homes than the Labour party did in 13 years of Government.

Emily Thornberry: Will the Minister give way?

Mr Vara: I will not give way to the hon. Lady.

We also need to remember that when the Labour party was in power, house building fell to its lowest level since the 1920s. In England—

Several hon. Members *rose*—

The Chair: Order. The Minister is not giving way, and I would appreciate being able to listen to him without the conversations on both sides of the Committee Room.

Mr Vara: In England, only 75,000 homes were started between June 2008 and June 2009, the lowest level of building since the 1920s. So Government Members will take no lectures from Opposition Members when it comes to house building. They need to reflect on a whole host of other things—

Naz Shah: Will the Minister give way?

Mr Vara: I will give way to the hon. Lady.

Naz Shah: Will the Minister qualify his 2014 figure of £2.4 billion? Was that before the bedroom tax hit, when the housing associations lost that money, or afterwards?

Mr Vara: I thought I had made it clear that the £2.4 billion was in the 2014 financial year. The £2.2 billion for local authorities was in the last financial year.

Neil Coyle: The Minister used careful language—“most” and “many”—when talking about the financial robustness of housing associations. What distinction is made for those housing associations that are not in as strong a financial position? How will they be supported through a change that could see them lose significant sums?

Mr Vara: I appreciate that the hon. Gentleman is still reading the Bill, but when he gets further on he will find a subsequent clause that deals with exemptions, including local authorities or housing associations that might be in financial difficulty, and there are measures to deal with them.

To help further, the regulator will be on hand to assist housing associations in considering how they can deliver more efficiency and better value for money. My colleagues at the Department for Communities and Local Government continue to engage with all those concerned as they develop plans to meet the reductions. We acknowledge, however, that there might be some circumstances in which the reduction policy should not apply. Clause 20 therefore provides some statutory exceptions and for further provision to be set out in regulation. In clause 21 we have also allowed for circumstances in which the financial viability of a private registered provider might be jeopardised. In such circumstances a provider may apply to be exempt from the rent reductions; similar provision is made for local authorities.

As for the number of new homes being built, the Government remain absolutely committed to ensuring housing for those who cannot access the market, and we support the ongoing role that the housing association sector has to play in the supply of affordable housing, as well as driving more home ownership. There continues to be a role for housing associations in delivering the mix of housing supply that the country needs, as we have already seen with the delivery of 260,000 new affordable homes over the past five years. We are committed to delivering 275,000 homes by 2020.

We do not believe that there is a need for a plan or a report, as suggested in the amendments. Our approach is measured and will be good for tenants and taxpayers while building in safeguards for supported accommodation and the financial viability of private registered providers. On amendment 184, the Government have made a commitment to reduce rents for a period of four years from April 2016, which is made clear in clause 19 and the new schedule. I hope amendment 21 will be withdrawn.

Debbie Abrahams: The amendments have been drafted in consultation with a number of agencies, housing associations, the National Housing Federation and the Local Government Association. Moody's has also criticised the Government's measures. The Minister said that my right hon. Friend the Member for East Ham supports this measure, but he supports and has put his name to amendments 21 and 85.

Mr Vara: To clarify, I was simply saying that, on Second Reading, the right hon. Member for East Ham did not disagree with the 1% reduction. He agreed with it, but with caveats.

Debbie Abrahams: Amendment 21 reflects the concern about the affordable homes building programme, which is why we have asked for a plan. We are not convinced that the Government will follow through, which is why I have moved the amendment.

On the other, more general points, I gently refer the Minister to the Government's own data on house building performance, which were published this summer. Unfortunately, since 2010 the Government have presided over the lowest level of house building in peacetime since the '20s—those are the Government's own figures. I will not press the amendment but, again, I refer the Minister to the figures on affordable homes. We are really concerned about what is happening. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Neil Coyle: On a point of order, Mr Owen. I raised a point of order on Tuesday about a letter promised by the Minister for Employment. I now have a copy of the letter, for which I am grateful. There was clearly a mix-up, because it was sent some time ago. However, the letter does not answer the specific point about how the Government will assess the impact on disabled people in different areas.

On 17 September we discussed the impact on disabled people and carers and how to assess that impact more effectively. The Minister committed to providing an explanation of how that will be done. The letter I received talks about how Dr Simon Duffy has not responded to something for which the Department has asked—that is the block. I expected that the Department would outline what it is doing, not what it is not doing. I am keen to get more information on how the Government will address that.

The Chair: I have the gist of what the hon. Gentleman is saying. I was not in the Chair for the first point of order, and this is not a point of order for me. He has asked a question of the Minister, who is in her place. If she wishes to enhance what she said, she has the opportunity to do so, but he hon. Gentleman has his point on the record. We now need to move on.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 10, Noes 7.

Division No. 48]

AYES

Atkins, Victoria	Patel, rh Priti
Heaton-Jones, Peter	Scully, Paul
Hinds, Damian	Shelbrooke, Alec
Milling, Amanda	Vara, Mr Shailesh
Opperman, Guy	Whately, Helen

NOES

Abrahams, Debbie	Phillips, Jess
Coyle, Neil	Shah, Naz
Dowd, Peter	Thornberry, Emily
Lynch, Holly	

Question accordingly agreed to.

Clause 19, as amended, ordered to stand part of the Bill.

Clause 20

EXCEPTIONS

Mr Vara: I beg to move amendment 176, in clause 20, page 19, line 42, leave out paragraph (c) and insert—

‘(1A) Section 19 does not apply in relation to social housing that consists of or is included in a property if, where the property is subject to a mortgage or other arrangement under which it is security for the payment of a sum or sums—

- the mortgagee, or a person entitled under the arrangement to be in possession of the property, is in possession of the property,
- a receiver has been appointed by the mortgagee, by a person entitled under the arrangement to do so or by the court to receive the rents and profits of that property and that appointment is in force, or
- a person has been appointed under or because of the mortgage or the arrangement to administer or sell or otherwise dispose of the property and that appointment is in force.’

This amendment expands the exception from the rent reduction requirements in clause 19 so that it includes, as well as cases of a mortgagee in possession or a receiver appointed under a mortgage, cases where steps are taken under a different form of security to realise the security. See also amendment 177.

The Chair: With this it will be convenient to discuss Government amendments 177 and 149.

Mr Vara: The amendments relate to clause 20, which provides for an exception from the rent reduction requirements when a mortgagee takes possession of a property, or when a receiver is appointed by the mortgagee or the court, or where a property is sold by a mortgagee in possession or the receiver. This exception is intended to protect the value of stock held by all private registered provider landlords, to ensure that they can continue to use their assets as security for borrowing in the same way that applies in similar circumstances under the existing rent policy.

Our intention is that the rent reduction measures should be aligned as far as possible with existing policy on social housing, currently set out in the regulator of social housing's rent standard guidance and the Government's guidance for local authorities. Amendment 176 expands the exception from the rent reduction requirements in clause 19 so that it also includes cases where steps are taken to realise security under a different form of security, and where any person is appointed under a mortgage or different form of security arrangement to administer or sell the property.

Amendment 177 provides that the exception applicable to a sale by a mortgagee in possession or a receiver is not limited to the first person or body becoming successor in title of the registered provider on the sale or transfer of the property by a mortgagee or receiver, but extends to all subsequent purchasers or owners. It also expands the exception to cases in which the property is sold under a different form of security arrangement.

Amendment 149 clarifies that events for which the regulations may provide may include periods when the rent payable by a social tenant is temporarily reduced or waived. Such provision could be used to clarify how the rent reduction should apply when a registered provider has temporarily reduced or waived a tenant's rent—for example, because they are making repairs to the property.

[Mr Vara]

The details will be set out in the regulations. Without these amendments, there would be an impact on the private registered provider sector, potentially reducing the value of all social housing assets currently being used for security for borrowing, which would lead to a need for more security, and preventing them from borrowing more to build the homes that we need.

Debbie Abrahams: I should like to make a reference to my amendment, if I may.

The Chair: We will be coming to that in the next group.

Debbie Abrahams: In which case I will leave my remarks until then.

Amendment 176 agreed to.

Amendment made: 177, in clause 20, page 19, line 47, leave out paragraph (d) and insert—

‘() If a registered provider’s interest in property that consists of or includes social housing—

- (a) was mortgaged or made subject to an arrangement other than a mortgage under which the interest in property was security for the payment of a sum or sums, and
- (b) is sold or otherwise disposed of after the coming into force of section 19 by—
 - (i) the mortgagee or a person entitled under the arrangement to do so,
 - (ii) a receiver appointed by the mortgagee, by a person entitled under the arrangement to do so or by the court to receive the rents and profits of the interest in property, or
 - (iii) a person appointed under or because of the mortgage or the arrangement to exercise powers that consist of or include the sale or other disposal of the interest in property,

section 19 ceases at that time to apply in relation to that social housing.”—(Guy Opperman.)

This amendment expands the exception so that, where there is a sale of a registered provider’s property by a mortgagee or receiver, the purchaser and all subsequent purchasers are excepted from the rent reduction requirements in clause 19. It also expands the exception to cases where the property is sold or otherwise disposed of under a different form of security.

Debbie Abrahams: I beg to move amendment 109, in clause 20, page 20, line 5, at end insert—

- “(e) the accommodation is specified accommodation, as defined in the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014.”

To provide that the mandatory 1% annual reduction in social housing rents will not apply to the tenants of “specified accommodation”.

I apologise for the confusion earlier, Mr Owen. Clause 20 sets out certain exemptions to the 1% reduction in rent for social housing providers, but the Opposition believe that there has been a major omission, which amendment 109 would address. It would include “specified accommodation” as defined in the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014. I am grateful to Women’s Aid, Homeless Link, Sitra, Unison, St Mungo’s, the National Housing Federation, the Housing and Support Alliance, YMCA, Crisis, the Salvation Army and Centrepoint, which have all made a compelling case for the amendment.

3 pm

Many people will be aware of what supported housing does. It caters for a wide range of tenants with specific needs that require a varying degree of support. That type of housing is already subject to very tight margins across the board. It relies on contracts for care and support services, and there are no alternative models for such housing provision. Between 2011 and 2015, funding for housing-related support reduced by 45%, according to the National Audit Office report. At the same time, because of demographic changes, demand increased, particularly from people with complex needs. It is a part of the housing sector that is particularly vulnerable to any reduction in income. It deserves to be considered a special case and should be one of the organisations that is exempt.

Supported housing is specifically designed to help disadvantaged people to be or remain as independent as possible and live healthy lives. It is unclear what would happen to the people currently living in supported housing, those waiting for supported homes, or the increasing number of people needing supported homes in the future. We talked about the impact on health conditions and the knock-on impact on NHS demand. That is what is predicted if we again threaten the viability of that very important group of housing providers that give support to very vulnerable people. I would be grateful if the Minister considered the change.

As it stands, the rent reduction could lead to a loss of existing supported housing for disadvantage people, such as older people, homeless people, people with mental health problems, people fleeing domestic violence and people with learning disabilities, among others. The number of schemes for that range of clients would also reduce, and demographic changes mean that the size of that group has increased.

We talked about the issues that the modelling shows housing associations face due to the reduction in income. Supported housing providers are vulnerable. They provide supported housing on a scheme-by-scheme basis.

Peter Dowd: Does my hon. Friend agree that Government policy on parity of esteem for people with mental health problems, which is trumpeted in relation to health, is not only about health, but about a range of social services, including housing? The Government proposal potentially directly affects parity of esteem for people with mental health problems.

Debbie Abrahams: Absolutely. My hon. Friend makes a powerful point. Those housing providers provide housing and support to a very vulnerable group, including people with mental health conditions. The measure will affect their opportunity and ability to live independently and well.

The impact on accommodation for homeless people with support needs demonstrates how damaging the change would be for supported housing as a whole. Over 90% of residential homelessness services rely on housing benefit as a key funding stream. One homeless organisation in the north-east of England has modelled the impact of the change on the 300 beds of supported accommodation that it provides, which accommodate 1,400 disadvantaged people a year. The impact of the 1% rent reduction, assuming that other costs increase by 2% or 3% a year, is that 50% of its accommodation projects will be financially unviable in 2016-17. It is

absolutely imminent. That is key. The pace of the clause's implementation means that we will be facing problems in the next few months and I hope the Minister responds appropriately. It gets worse, I am afraid: the organisation has mentioned 100% financial unviability by 2017-18. What will happen to that vulnerable group of people?

A second organisation, St Mungo's Broadway, provides accommodation support to 3,800 people each year across London and the south-east of England. I have visited the project here and in the midlands. St Mungo's estimates that the 1% annual rent reduction requirement will result in it losing £1.25 million in rental income by year 4—between £250,000 and £300,000 each year. Taking into account the rental income that the organisation anticipates over that period, the overall impact on its finances over the four-year period is a loss of £4 million. That loss of income will force some projects to close, resulting in the loss of accommodation for homeless and disadvantaged people.

Mr Owen, I expect that you have experienced an increase in rough sleeping in your constituency. I was shocked recently, in the last month or so, when I arrived back in Manchester from Parliament late one night. Every 50 metres there was somebody sleeping rough. The fact that the measures will affect organisations such as St Mungo's is serious. I have mentioned the groups of people supported by those housing providers. The providers have estimated who will be affected in percentage terms. They expect that people with learning disabilities and physical health problems, people who have slept rough and people with a history of offending, and people with alcohol, drug and mental health problems who have been accessing their services for support needs, will be affected.

As has been mentioned, the measures will have an enormous impact on services working with other disadvantaged people. A large national provider of supported housing has estimated that the change will lead to the loss of 104 schemes, removing 1,969 support spaces for clients, including 228 spaces for people experiencing domestic violence. A small specialist learning disability provider will have its operating margins reduced to 0.2% and will be forced to cancel all proposed development of learning difficulty schemes. A large national organisation will be forced to reduce planned development of extra care by 400 units, including units specifically to help people home from hospital. Such organisations reduce the pressures that our beleaguered NHS is experiencing—the measures will have a direct impact on the NHS.

There is a precedent. The principle of treating supported housing separately from other social housing for welfare reform purposes was recognised in the previous Government's proactive decision to keep housing costs for specified accommodation out of universal credit and the benefit cap calculations.

Jess Phillips: Does my hon. Friend want to pay credit to Ministers for removing specified accommodation during the previous Government? It most certainly meant that, at the refuge where I worked at the time, we could maintain operations exactly as they were, and in fact develop some others. The Minister spoke earlier about listening. Perhaps we should pay credit to the Government for listening on that occasion.

Debbie Abrahams: My hon. Friend is absolutely right. That is a valid point, and I hope the Minister can do so. On that note, I will stop there.

Neil Coyle: In rising to speak to the amendment, I just want to say that I welcome the Minister's commitment this morning to write to me so I can find out a bit more information. He suggested that I was trying to make a name for myself—I believe that was the term he used. I certainly do not intend to upset him in any way, not least because I understand he has a black belt in martial arts.

Mr Vara: Let me assure the hon. Gentleman that I have been here for 10 years and what he says will in no way upset me. He will very soon become a seasoned politician with a thick skin.

Neil Coyle: The commitment to providing information was linked to the amendment because we were talking about housing associations, representations and the discussions that the Department is having. It would be useful if the Minister, when answering in writing, could provide information on the number of housing associations that have been met; the numbers that indicated that they support the policy, especially those providing specified and supported accommodation; those that specifically outlined the risk to their business case of the policy going ahead; and any representations to the Department from organisations suggesting that they would be unable to provide specified accommodation. I would be grateful to receive that information. I do not expect an answer today.

We heard about specified accommodation in great detail from my hon. Friend the Member for Oldham East and Saddleworth, and from all the organisations that made representations—I am particularly grateful to Homeless Link, St Mungo's Broadway, Shelter and Crisis. The amendment is designed to cover shared houses, hostels, refuges and self-contained accommodation owned by registered providers, and instances where housing-related support, including financial management, is provided.

St Mungo's Broadway operates in my constituency. Of its residents—the people that it provides support to—52% have previously been rough sleepers, 72% have mental health needs, 44% have significant physical health problems and more than one in five have experienced violence or abuse from a family member or partner. That is the client group, to use the Department's language, that we are talking about. The total number of units provided at the moment is around 105,000. My hon. Friend the Member for Bootle mentioned Riverside, which estimates that it provides about 4,600 units of that kind of accommodation. We are not talking about a huge number, but the measure would make the provision of the services and housing more difficult for those organisations.

The Homes and Communities Agency was mentioned earlier. It has estimated that investment in supported housing results in a net cost-benefit to the public purse of £640 million per year. Does the Minister have any information about how that cost-benefit analysis has been undertaken or about the risk to that cost-benefit if housing is put at risk? The cost to local authorities of rough sleeping is roughly £8,600 per person. That does

[Neil Coyle]

not include any cost to the Department of Health, the Ministry of Justice or the Home Office—it is just the cost to local authorities. Getting this wrong and putting accommodation for vulnerable people at risk could have knock-on costs for all taxpayers.

The Department for Work and Pensions and the Department for Communities and Local Government have commissioned a review into supported accommodation to establish a better evidence base for future funding decisions. Would the Minister give an indication of where that review is at and why the Government are not prepared to wait for the outcome of that review before pressing on with the policy?

Riverside estimates that the cumulative cost of the policy to it would be about £100 million. It has said that “a year on year reduction in rental income would make this element”—

the specified accommodation—
“of our business loss making”.

It would either have to subsidise from elsewhere or stop providing that accommodation.

St Mungo’s Broadway has said that

“the requirement to reduce rents in social housing in England by one per cent per year for four years will result in the loss of supported housing schemes for homeless and vulnerable people.”

It is saying categorically that it will be unable to provide some of the accommodation that it currently provides, and that there is a knock-on cost that the Government have not taken into account. As my hon. Friend the Member for Oldham East and Saddleworth has mentioned, St Mungo’s Broadway has said that it will lose £1.25 million by the end of this Parliament as a result of the annual rent reduction. The four housing associations that I have spoken to, which provide some of their accommodation in Bermondsey and Old Southwark, have said that collectively, the cost to them of the proposed policy would be more than £180 million during the lifetime of this Parliament alone.

3.15pm

The amendment is in line with the Government’s attempts to simplify the welfare and social security system. The Government talk a lot about simplification, but on this policy there is a risk of confusion because specified accommodation is exempt from universal credit and benefit cap calculations. The amendment would help to align Government policy.

The status of “specified accommodation” came into law in 2014 through the Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014—I do not think we need the statutory instrument number. Specified accommodation serves a different purpose from general needs accommodation; it is defined as housing where “care, support or supervision” is provided. People who live in specified accommodation have support needs that generally mean that they would find it difficult to sustain accommodation in which support was not provided. Those support needs might be related to homelessness, mental health issues, offending, domestic violence, substance abuse or any combination of those. The rationale for treating supporting housing separately from other social housing has been recognised in the Government’s decision to keep housing costs for specified accommodation out of universal credit and

benefit cap calculations. There is a practical precedent, and it would be wrong to undo the steps that the Government have already taken to protect vulnerable people from those policies, which is why the amendment is much needed.

Mr Vara: May I initially address the hon. Gentleman’s points, although I will of course write to him? As a caveat, I must say that we have lots of meetings with lots of organisations, and many have asked whether we could look at something differently. Policy is not reached purely on the basis of asking, “Do you agree with this, or don’t you?”. Instead, we make it clear that we propose to do something and that we have a Government mandate to do so, and we ask how we can do that so that we best accommodate others’ views. Matters are not clearcut, but I will certainly write to the hon. Gentleman.

The hon. Gentleman referred to the evidence review that the Government have commissioned on the specified accommodation and supported housing sectors to understand better the scale, shape and cost of the sector in England, Scotland and Wales. We hope that the findings will be available sometime next year.

I welcome the contributions to the debate, all of which have been heartfelt. I commend the hon. Member for Oldham East and Saddleworth for the measured way in which she put forward her arguments, and I have taken her points on board. I am very grateful that the amendment was selected, because it gives me the opportunity to set out what is in the Bill, and to explain why we cannot support the amendment. However, I hope that the hon. Lady will take comfort from my remarks.

We recognise that the rent reduction measures introduce a significant change to existing rent policy. We have listened to comments and concerns about the housing of vulnerable groups, and I can offer the hon. Lady a number of assurances that mean that her amendment is unnecessary. First, in the light of this new policy, we will look to align as far as possible exceptions under the new policy with those that apply under the existing rent policy for social housing. That means that we intend to except from the rent reduction requirement the types of housing that are excepted from the rent standard. Those include specialised supported accommodation, which provides support for the most vulnerable people and which is developed in partnership with councils or the health service. Also excepted will be residential care homes and nursing homes. Clause 20(2) gives the Secretary of State for Communities and Local Government a power to set further exceptions should they be needed, to except that accommodation from rent reductions.

Clause 20(3) further clarifies the cases and circumstances that regulations may provide for, which include groups of tenants and types of accommodation.

Peter Dowd: I acknowledge what the Minister is saying, but I would ask him to cast the net more widely. For example, does he recognise that, under section 117 of the Mental Health Act 1983, if accommodation cannot be continued, provision becomes much more expensive because of a statutory requirement, notwithstanding the forthcoming amendments? That provision would be much more expensive if organisations could no longer provide it. The Government are taking money from Peter to pay Paul, but Paul is much more expensive.

Mr Vara: I take on board what the hon. Gentleman says, some of which I will address later when I talk about other forms of help, assistance and funding.

We have tabled amendments that provide the Secretary of State with powers to allow, by regulation, rent setting for new tenancies in supported housing at up to 10% above the formula. That is similar to the existing rent policy and standard practice. We believe that should help providers of supported accommodation for vulnerable people to continue to provide that important housing. We also acknowledge that there might be some circumstances in which the financial viability of a private registered provider or a local authority could be jeopardised—something the hon. Member for Bermondsey and Old Southwark mentioned. In those cases, the providers could apply to be exempt from rent reductions.

Neil Coyle: It sounds like some of what the Minister is saying is likely to be welcome. Let me reiterate that the borough of Southwark is the biggest landlord in London. In bringing forward other exemptions, would the Minister be willing to meet my local authority to ensure that the most appropriate accommodation is exempted to best effect?

Mr Vara: I would of course be happy to meet the hon. Gentleman and anyone he wishes to bring to the meeting. What I would say is that we have been mindful of the fact that we cannot judge the situation as it is now. Where local authorities or housing associations find themselves in financial difficulty and their viability may be an issue, there are processes in place to ensure that the regulator works with them to make sure that things can be worked out. If it is felt necessary, then with the consent of the Secretary of State there can be alterations through a rent reduction, and organisations can make their case. However, we hope to set out in regulations the criteria that would be applied.

We intend to work with organisations—housing associations and local authorities—because we want to make this work. The change is not simply being imposed; we are consulting widely. The hon. Member for Oldham East and Saddleworth was right to say that there have been a number of amendments, and I repeat that that is a direct consequence of lots of organisations coming to us and saying, “Well, how about this?” We have taken what I think is a commendable decision, in that we have genuinely listened and tried to clarify what we thought we were aiming for. It was not clear enough for the people concerned, so we sought to clarify it.

It is important to get the balance right between reducing the burden on taxpayers and supporting the provision of housing for vulnerable people, as well as the balance between supporting the provision of that housing and treating fairly those older or disabled tenants who pay their own rent and who should benefit from the rent reductions, but will not do so if there is a blanket exemption.

When it comes to dealing with vulnerable older and disabled people, it is important to look at the wider context. As a Government, we are determined to protect the most vulnerable in society and help them to live independent lives, and assistance goes beyond what we are discussing today. Funding for supported housing is included in the wider settlement to councils. The Government continue to support local areas to meet their local needs by maximising funding flexibility. For

example, in 2015-16, we are investing £5.3 billion in the better care fund to deliver faster and deeper integration of health and social care. This will enable councils to invest in early action to help people to live in their own homes for longer and help to prevent crisis, as well as supporting councils to work together more effectively, deliver better outcomes for less money and drive integration across all services.

The Government are also investing in specialised housing for older and disabled people through the £315 million care and support specialised housing fund. Phase 1 is expected to deliver over 4,000 homes by 2018; phase 2 was announced in February and will set aside up to £155 million in capital funding for the development of specialist housing to meet the needs of older people and adults with disabilities or known mental health issues.

Neil Coyle: My understanding is that the better care fund is entirely restricted to new projects, so it cannot help towards councils’ existing accommodation costs. Given that we know the waiting lists that councils across the country have, I am not convinced that the better care fund is the solution to the specific problem before us. At the same time, the Government are ending the independent living fund, leaving councils potentially significant new costs for providing residential care accommodation for disabled people who had previously been able to be supported in their own homes.

Mr Vara: I repeat that we should not look at this solely in the context of what we are discussing today; there is a wider picture here, and I have given details of the other moneys available alongside the 1% reduction we are discussing.

I repeat that the Government are committed to ensuring that the most vulnerable people are protected. Statutory homelessness is lower now than in 26 of the past 30 years, at less than half the peak it reached in 2004. This Government have increased spending further to prevent homelessness, making over £500 million available to help the most vulnerable in society. That has resulted in local authorities preventing 935,000 households from becoming homeless since 2010.

Neil Coyle: There is a brilliant charity in Bermondsey called UK Homes 4 Heroes, which supports former members of the armed forces. We have seen a dramatic rise in the number of former members of our armed forces sleeping rough in London. How will this specific policy help councils and others to better support those coming out of the armed forces, to prevent them from ending up sleeping rough, given what the Minister has just said?

Mr Vara: That issue commands huge respect across Government and on both sides of the political argument. There is discussion and debate across Government to make sure that brave men and women who are prepared to put their lives on the line for our safety and security get the best possible treatment. There are clearly still issues that need to be resolved. It is an ongoing debate. I am very aware of the situation to which the hon. Gentleman refers; there are RAF bases in my constituency, and I am only too aware of how we need to look after those people a lot better. We have made progress in the past five years, but we need to do more and should remain vigilant.

[Mr Vara]

I believe that there are sufficient safeguards in place to ensure the continued financial viability of housing providers while balancing the need to support tenants who should benefit from a reduction in their rent. I urge the Opposition to withdraw the amendment.

Debbie Abrahams: I am grateful to the Minister for that positive response and look forward to the regulations he mentioned setting out the criteria on requests for exemptions that providers of supported housing may put to the regulator. I believe that the Minister recognises the dire situation those providers are in. I also thank my hon. Friend the Member for Bermondsey and Old Southwark, who provided us with the wider context about, for example, how the end of the independent living fund will affect local authorities' provision for supported accommodation; that is very relevant.

I differ from the Minister in my interpretation of the homelessness situation at the moment. We can trade off figures, which I do not think is helpful. We need to move beyond that. I have the Government figures here, and in the past five years, for example, there has been an 840% increase in the number of families with children who have been declared homeless and are living in bed-and-breakfast accommodation. The situation is certainly not rosy. We have anecdotal evidence of that ourselves. However, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

3.30 pm

Amendments made: 149, in clause 20, page 20, line 19, at end insert—

‘() Regulations made by virtue of subsection (3)(e) may include provision about periods during a tenancy when the rent payable is temporarily reduced or waived.’

This amendment makes clear that the Secretary of State may provide in regulations for clause 19 not to apply when rent is temporarily reduced or waived.

178, in clause 20, page 20, line 20, leave out subsection (5).—(Guy Opperman.)

This amendment is consequential on amendment NC22.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 8, Noes 5.

Division No. 49]

AYES

Atkins, Victoria	Patel, rh Priti
Heaton-Jones, Peter	Shelbrooke, Alec
Milling, Amanda	Vara, Mr Shailesh
Opperman, Guy	Whately, Helen

NOES

Abrahams, Debbie	Lynch, Holly
Coyle, Neil	
Dowd, Peter	Shah, Naz

Question accordingly agreed to.

Clause 20, as amended, ordered to stand part of the

Bill.

Clause 21

EXEMPTION OF A REGISTERED PROVIDER OF SOCIAL HOUSING

Amendments made: 150, in clause 21, page 20, line 45, at beginning insert ““at least”

This amendment and amendment 151 permit a private registered provider to whom a direction in the terms of clause 21(2)(b) is issued to make a reduction in rent, instead of keeping the rent the same.

151, in clause 21, page 20, line 45, for “the same as” substitute “no more than”.

152, in clause 21, page 21, line 2, at end insert “at least”.

This amendment permits a private registered provider to whom a direction in the terms of clause 21(2)(c) is issued to make a greater reduction in rent than the reduction specified in the direction.

153, in clause 21, page 21, line 3, at end insert—

“(d) a direction that section 19 is to have effect in relation to a private registered provider specified in the direction as if section 19(1) required the private registered provider to secure that the amount of rent payable by tenants of their social housing increased by no more than the percentage specified in the direction.”—(Guy Opperman.)

This amendment provides for directions that exempt a private registered provider from the rent reduction requirements in clause 19 but limit what increase in rent the provider may impose.

Mr Vara: I beg to move amendment 154, in clause 21, page 21, line 5, at end insert “, and

(b) the social housing in relation to which it is to have effect.”

This amendment enables a direction to affect only some social housing of a private registered provider.

The Chair: With this it will be convenient to discuss Government amendments 155, 156, 161 and 162.

Mr Vara: We have recently been talking about exceptions and exemptions and it might be helpful if I clarify the position. We will set out the criteria for exceptions in the regulations. When we talk about exemptions, the financial viability conditions are in the Bill. We can also set out other conditions for an exemption in the regulations. I hope that that is helpful in drawing a distinction.

The amendments seek to introduce flexibility into the exemption process in relation to clause 19. Amendments 154 and 161 allow a direction to be made in relation to only some of the social housing that a private registered provider or a local authority have, ensuring that exemption can be targeted. Amendment 155 enables the regulator of social housing, the Homes and Communities Agency, to publish guidance on steps that a private registered provider should take before seeking an exemption. Amendments 156 and 162 give the Secretary of State power to prescribe conditions other than serious financial difficulties in which an exemption may be granted to a local authority.

Amendment 154, 155 and 161 recognise that exemption is a tool of last resort and, if needed, should be used in as targeted a way as possible. Amendments 156 and 162 provide for greater flexibility in the exemption regime.

Debbie Abrahams: I am grateful to the Minister for his clarification. We are talking about the financial viability of supported housing providers and, more broadly, housing associations. The Government are considering the problems that they face, so has there been any assessment of the housing providers whose viability

could be threatened as a result of the measures? Will one be undertaken? I am grateful for the detail on the amendment, but it seems that implementation is already anticipated. Should there not be a step before that?

Mr Vara: We are not anticipating difficulty. We are trying to recognise what might happen in future, so we are making it absolutely clear that, although we propose a 1% reduction, where financial viability is threatened, there are measures in place to deal with it.

We must recognise that the regulator is there to help, assist and advise. Its job is to assist, but as a default mechanism we have those provisions. However, as far as I am aware, we do not anticipate anyone having difficulty. I reiterate that we are confident that housing associations and local authorities are robust organisations that can deal with the 1% reduction. It must be considered in the wider context. Individuals and other organisations throughout the country are having to put up with difficulties. We are asking for a 1% reduction. I repeat the comments made by David Orr, chief executive of the National Housing Federation. I will not repeat the whole quote, as I gave it earlier, but simply two lines. He said that “in truth, there is no sector anywhere that is not still capable of making further efficiency savings. That is as true in our sector as it is anywhere else.—[*Official Report, Welfare Reform and Work Public Bill Committee*, 15 September 2015; c. 91, Q144.]

Amendment 154 agreed to.

Amendments made: 155, in clause 21, page 21, line 11, at end insert—

“() The regulator may publish a document about the measures that the regulator considers could be taken by a private registered provider to comply with section 19 and to avoid jeopardising its financial viability.”

This amendment enables the Regulator of Social Housing to publish documents relating to the condition in clause 21(4).

Amendment 156, in clause 21, page 21, line 13, after “(9)” insert “or (9A)”.

This amendment and amendment 162 provide that the Secretary of State may issue a direction if an alternative condition is met, that is, a condition that the circumstances of the local authority must satisfy requirements prescribed in regulations by the Secretary of State.

Amendment 157, in clause 21, page 21, line 18, after “for” insert ““at least”.

This amendment and amendment 158 permit a local authority to which a direction in the terms of clause 21(7)(b) is issued to make a reduction in rent, instead of keeping the rent the same.

Amendment 158, in clause 21, page 21, line 19, for “the same as” substitute “no more than”.

Amendment 159, in clause 21, page 21, line 21, after “required” insert “at least”.

This amendment permits a local authority to which a direction in the terms of clause 21(7)(c) is issued to make a greater reduction in rent than the reduction specified in the direction.

Amendment 160, in clause 21, page 21, line 22, at end insert—

“(d) a direction that section 19 is to have effect in relation to a local authority specified in the direction as if section 19(1) required the authority to secure that the amount of rent payable by tenants of their social housing increased by no more than the percentage specified in the direction.”

This amendment provides for directions that exempt a local authority from the rent reduction requirements in clause 19 but limit what increase in rent the authority may impose.

Amendment 161, in clause 21, page 21, line 24, at end insert—

“, and

(b) the social housing in relation to which it is to have effect.”

This amendment enables a direction to affect only some social housing of a local authority.

Amendment 162, in clause 21, page 21, line 27, at end insert—

“(9A) The condition in this subsection is that the circumstances of the local authority satisfy requirements prescribed in regulations made by the Secretary of State.”

Amendment 179, in clause 21, page 21, line 31, leave out subsection (11).—(Guy Opperman.)

This amendment is consequential on amendment NC22.

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 7, Noes 5.

Division No. 50]

AYES

Atkins, Victoria	Patel, rh Priti
Heaton-Jones, Peter	Vara, Mr Shailesh
Milling, Amanda	Whately, Helen
Opperman, Guy	

NOES

Abrahams, Debbie	Lynch, Holly
Coyle, Neil	
Dowd, Peter	Shah, Naz

Question accordingly agreed to.

Clause 21, as amended, ordered to stand part of the Bill.

Clause 22

ENFORCEMENT

Amendments made: 163, in clause 22, page 21, line 41, leave out subsections (1) and (2).

This amendment provides that failure, or a risk of failure, to comply with clause 19 is not to be, of itself, a ground for exercising certain powers under Part 2 of the Housing and Regeneration Act 2008.

Amendment 164, in clause 22, page 22, line 9, leave out “Full Employment and Welfare Benefits” and insert “Welfare Reform and Work”.

This amendment and amendments 165 to 168 correct references to provisions of the Bill.

Amendment 165, in clause 22, page 22, line 13, leave out “Full Employment and Welfare Benefits” and insert “Welfare Reform and Work”.

Amendment 166, in clause 22, page 22, line 17, leave out “Full Employment and Welfare Benefits” and insert “Welfare Reform and Work”.

Amendment 167, in clause 22, page 22, line 21, leave out “Full Employment and Welfare Benefits” and insert “Welfare Reform and Work”.

Amendment 168, in clause 22, page 22, line 25, leave out “Full Employment and Welfare Benefits” and insert “Welfare Reform and Work”.—(Guy Opperman.)

Question put, That the clause, as amended, stand part of the Bill.

The Committee divided: Ayes 7, Noes 5.

Division No. 51]

AYES

Atkins, Victoria
Heaton-Jones, Peter
Milling, Amanda
Opperman, Guy

Patel, rh Priti
Vara, Mr Shailesh
Whately, Helen

NOES

Abrahams, Debbie
Coyle, Neil
Dowd, Peter

Lynch, Holly
Shah, Naz

Question accordingly agreed to.

Clause 22, as amended, ordered to stand part of the Bill.

New Clause 13

TRANSITIONAL PROVISION

(1) Regulations made by the Secretary of State may make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of sections 16 to 18.

(2) The regulations may include provision for temporarily excluding the making of a loan under regulations under section 16 after the coming into force of sections 16 to 18.

(3) Regulations under subsection (2) may in particular—

- (a) provide for a temporary exclusion to continue until a time or times specified in a notice issued by the Secretary of State;
- (b) enable the Secretary of State to issue notices under paragraph (a) specifying different times for different persons or descriptions of person.

(4) The regulations may include provision for enabling assistance with payments in respect of accommodation occupied as a home to be given by means of a qualifying benefit after the coming into force of sections 16 to 18 (including where the making of loans is temporarily excluded).

(5) Regulations under subsection (4) may in particular—

- (a) provide for legislation that has been repealed or revoked to be treated as having effect;
- (b) provide for assistance by means of a qualifying benefit to continue until a time or times specified in a notice issued by the Secretary of State;
- (c) enable the Secretary of State to issue notices under paragraph (b) specifying different times for different persons or descriptions of person.

(6) In this section “qualifying benefit” means income support, income-based jobseeker’s allowance, income-related employment and support allowance, state pension credit or universal credit.

(7) Regulations under this section may make different provision for different areas, cases or purposes.

(8) Regulations under this section must be made by statutory instrument.

(9) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.—(Guy Opperman.)

This amendment adds a clause enabling the Secretary of State to make regulations providing for the roll-out of loans in place of the current help offered to owner-occupiers. The new clause ensures that the Government can manage the introduction of loans for mortgage interest and other payments as it sees fit and, in particular, the migration of persons who currently receive assistance in the form of a benefit to receiving assistance by way of a loan.

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

New Clause 14

EXPENSES OF PAYING SUMS IN RESPECT OF VEHICLE HIRE ETC.

“In the Social Security Administration Act 1992, after section 15A insert—

15B Expenses of paying sums in respect of vehicle hire etc.

“(1) This section applies where—

- (a) a relevant benefit component is payable in respect of a person (“the beneficiary”),
- (b) an agreement has been entered into by or on behalf of the beneficiary with a relevant provider for the lease or hire purchase of a motor vehicle, and by virtue of regulations under section 5(1), the Secretary of State pays all or part of the relevant benefit component to the relevant provider for the purpose of discharging, in whole or in part, an obligation of the beneficiary under the agreement.

“(1) Regulations may make provision—

- (a) for the expenses of the Secretary of State in administering the making of payments to relevant providers to be defrayed, in whole or in part, at the expense of relevant providers, whether by requiring them to pay prescribed fees or by deducting and retaining a prescribed part of the payments that would otherwise be made to them or by such other method as may be prescribed;
- (b) for the recovery from a relevant provider of any fees or other sums due from that provider under paragraph (a).

(2) In this section—

“relevant benefit component” means—

- (a) the mobility component of disability living allowance, if it is payable at the higher rate (see section 73(11)(a) of the Social Security Contributions and Benefits Act 1992), or
- (b) the mobility component of personal independence payment, if it is payable at the enhanced rate (see section 79(2) of the Welfare Reform Act 2012);

“relevant provider” means a person whose business consists of or includes the supply by way of lease or hire purchase of motor vehicles to persons in respect of whom a relevant benefit component is payable.”
—(Priti Patel.)

This amendment enables the Secretary of State to make regulations about recovering from an organisation the expenses incurred as a result of paying a claimant’s relevant disability benefit, or part of it, to that organisation.

Brought up, and read the First time.

Priti Patel: I beg to move, That the clause be read a Second time.

The Chair: With this it will be convenient to discuss Government amendment 130.

Priti Patel: It is a pleasure to serve under your chairmanship this afternoon, Mr Owen.

The amendments are about fairness for taxpayers. Currently the Government divert benefit payments to Motability Operations Ltd on behalf of claimants who participate in the Motability scheme. That is of direct benefit to Motability Operations Limited, but the cost of doing it is borne by the taxpayer. The new clause seeks to rectify that by granting the Government the power to recover the expenses incurred in the administration of that arrangement and any similar future arrangement in respect of benefit diversion to an organisation that leases or sells motor vehicles to disabled persons.

Amendment 130 will enable the Government to exercise the power in England, Wales and Scotland. The power will not have an impact on customers. It will merely allow the Government to recover the expenses incurred in diverting the benefit. It has the support of Motability.

Debbie Abrahams: New clause 14 and amendment 130 make provision for the Department to recover costs made in administering the payments to relevant providers for the lease or hire-purchase of motor vehicles for those in receipt of the higher rate mobility component of disability living allowance or the enhanced mobility component of PIP.

Currently, around 620,000 people lease vehicles through the Motability scheme for an average of £3,000 a year over three years. Concerns have been expressed about the number of people who previously qualified for the higher rate mobility component of DLA, but who failed to qualify for the enhanced rate of the mobility component of PIP and so no longer qualify for the scheme. As the Minister is aware, about 360,000 current Motability scheme users will be reassessed between October 2013 and 2018.

What assessment has the Minister made of the numbers of people who to date will no longer be eligible for the Motability scheme? In addition, will the Minister inform the Committee of the cost to the Department of administering payments to providers, as outlined in the new clause? Will she estimate how much per lease the recovery of DWP expenses will cost? Furthermore, what estimate has she made of the recoverable expenses as a percentage of the overall average leasing or hire-purchase agreement? When will the Government produce an impact assessment for the provision?

I am sure we all recognise the importance of the vehicle-hire schemes to disabled people, and of the benefits that the independence of having a suitable vehicle brings in health, social, work and financial terms. My father-in-law was registered blind and, through a mobility scheme, my mother-in-law was able to drive him around. The independence that that gave him was very important to him.

Opposition Members would welcome the Minister's assurance that the changes outlined in new clause 14 and amendment 130 will not negatively impact on a disabled person's ability to secure access to vehicle leases and rental agreements, and the independence and the lifeline that they provide. We would also like assurances that there will be no further shifting of costs to disabled people.

3.45 pm

Priti Patel: I have a number of points, and I will come back to the hon. Lady specifically on quantity information and data. The measure has the support of Motability, and working with Motability is the right thing to do because Motability Operations Ltd provides great support for claimants. She makes it abundantly clear that a great deal of vital and valuable support is provided. This is a valuable lifeline to claimants.

The hon. Lady mentioned costs. I have some figures. The measure costs less than £1 million a year, and Motability has confirmed that it is affordable and will not have an impact on its users. She has specifically asked for further information, and I will ask officials in the Department to get back to her.

Neil Coyle: I welcome the Minister to her place. It is interesting to hear that Motability supports the amendment. Does the amendment arise from the expectation advertised by Motability that it will be forced to withdraw vehicles

from disabled people as a result of the transition from disability living allowance to the personal independence payment?

Priti Patel: My understanding is that there will be no impact on claimants who participate in the scheme. The measures are about ensuring the service and reclaiming costs in a fair way for taxpayers, as I explained in my initial comments. This is not about service provision changes. I hope that answers the hon. Gentleman's question.

Question put and agreed to.

Question put, That the clause be added to the Bill.

The Committee divided: Ayes 8, Noes 5.

Division No. 52]

AYES

Atkins, Victoria	Patel, rh Priti
Heaton-Jones, Peter	Shelbrooke, Alec
Milling, Amanda	Vara, Mr Shailesh
Opperman, Guy	Whately, Helen

NOES

Abrahams, Debbie	Lynch, Holly
Coyle, Neil	
Dowd, Peter	Shah, Naz

Question accordingly agreed to.

New clause 14 added to the Bill.

New Clause 19

FURTHER PROVISION ABOUT SOCIAL HOUSING RENTS

"In Schedule (Further provision about social housing rents)—

- Part 1 makes further provision about the maximum amount of rent that registered providers must secure is payable in respect of a relevant year or part of a relevant year by a tenant of their social housing in England;
- Part 2 contains provision about exceptions, exemptions and enforcement;
- Part 3 contains general provision."

(Guy Opperman.)
This amendment introduces the new Schedule in amendment NS1. The new Schedule makes provision for the rent initially payable by tenants of social housing whose tenancies begin after 8 July 2015.

Brought up, and read the First and Second time.

Question put, That the clause be added to the Bill

The Committee divided: Ayes 8, Noes 5.

Division No. 53]

AYES

Atkins, Victoria	Patel, rh Priti
Heaton-Jones, Peter	Shelbrooke, Alec
Milling, Amanda	Vara, Mr Shailesh
Opperman, Guy	Whately, Helen

NOES

Abrahams, Debbie	Lynch, Holly
Coyle, Neil	
Dowd, Peter	Shah, Naz

Question accordingly agreed to.

New clause 19 added to the Bill.

New Clause 20

PROVISION ABOUT EXCEPTED CASES

“(1) The Secretary of State may by regulations make provision about the maximum amount of rent payable to a registered provider in respect of a relevant year, or a part of a relevant year, by a tenant of social housing in relation to whom—

- (a) section 19 does not apply because of an exception in regulations under section 20;
- (b) a provision about levels of rent in Part 1 of Schedule (Further provision about social housing rents) does not apply because of an exception in regulations under paragraph 5 of that Schedule.

(2) The Secretary of State may by regulations make provision about the maximum amount of rent payable to a registered provider by a tenant of social housing—

- (a) in respect of the part of the relevant year after an exception in regulations under section 20 ceases to apply;
- (b) in respect of the part of the relevant year after an exception in regulations under paragraph 5 of Schedule (Further provision about social housing rents) ceases to apply;
- (c) in respect of the following relevant year (if any).

(3) Regulations under subsection (1) or (2) may, in particular, require registered providers to secure that the maximum amount of rent payable in respect of a relevant year, or part of a relevant year, is an amount determined as specified in the regulations.

(4) Regulations under subsection (1) or (2) may make provision about disapplying or modifying a requirement in the regulations as it relates to a registered provider.

(5) Regulations made by virtue of subsection (4) may, in particular, enable the Secretary of State or the regulator to issue a direction that disappplies or modifies a requirement as it relates to a registered provider.

(6) Regulations made by virtue of subsection (5) may provide for a direction to specify—

- (a) the period during which it has effect;
- (b) the social housing in relation to which it has effect.

(7) Regulations made by virtue of subsection (5) may—

- (a) provide for conditions to be satisfied before a direction is issued;
- (b) provide for the regulator to obtain the consent of the Secretary of State before issuing a direction.

(8) Regulations under subsection (1) or (2) may make provision about the enforcement of the regulations, including provision applying Part 2 of the Housing and Regeneration Act 2008 with modifications.

(9) Regulations under this section must be made by statutory instrument.

(10) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.”—(*Guy Opperman.*)

This amendment enables the Secretary of State to make regulations governing the levels of rent payable where an exception operates and after it ceases to operate.

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

New Clause 21

RENT STANDARDS

“Sections 194(2A) and 198(3) of the Housing and Regeneration Act 2008 (the powers of the regulator to set and revise standards relating to levels of rent) are subject to sections 19 to 21 and (Provision about excepted cases) and Schedule (Further provision about social housing rents).”—(*Guy Opperman.*)

This amendment expands the provision in clause 19(9) of the Bill as introduced. It makes the rent standards issued by the Regulator of Social Housing subject to the provisions in the Bill about rent levels.

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

New Clause 22

INTERPRETATION

“(1) In sections 19 to (Rent standards), this section and Schedule (Further provision about social housing rents)—

“affordable rent” and “affordable rent housing” have the meaning given by Schedule (Further provision about social housing rents);

“local authority” has the same meaning as in the Housing Associations Act 1985;

“low cost home ownership accommodation” has the meaning given by section 70 of the Housing and Regeneration Act 2008;

“low cost rental accommodation” has the meaning given by section 69 of the Housing and Regeneration Act 2008;

“private registered provider” means a private registered provider of social housing (see section 80 of the Housing and Regeneration Act 2008);

“registered provider” means a registered provider of social housing (see section 80 of the Housing and Regeneration Act 2008);

“the regulator” means the Regulator of Social Housing;

“relevant year” has the meaning given by section 19;

“rent” includes payments under a licence to occupy;

“service charge” means an amount payable by the tenant of particular accommodation as part of, or in addition to, the rent, and which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord’s costs of management;

“social housing” has the same meaning as in Part 2 of the Housing and Regeneration Act 2008 (see sections 68 and 72 of that Act);

“the social housing rents provisions” means sections 19 to (Rent standards), this section and Schedule (Further provision about social housing rents);

“tenancy” includes a licence to occupy;

“tenant” includes a person who has a licence to occupy.

(2) In the social housing rents provisions, a reference to the beginning of a tenancy is a reference to the day on which, under the terms of a lease or other agreement, the tenant is entitled to possession under the tenancy, subject to subsection (3).

(3) For the purposes of the social housing rents provisions, a tenancy of particular social housing is to be regarded as having been assigned to the tenant under the following tenancy (and not as coming to an end) where—

(a) that tenancy is followed by another tenancy of that social housing and at least one person is a tenant under the first tenancy when it comes to an end and under the following tenancy when it begins,

(b) that tenancy gives rise to another person’s statutory or assured tenancy of that social housing by virtue of Part 1 of Schedule 1 to the Rent Act 1977 (statutory tenants by succession), or

(c) that tenancy gives rise to another tenancy of that social housing by virtue of paragraph 13 of Schedule 1 to the Rent Act 1977 (change of statutory tenant by agreement and with consent of landlord),

but a tenancy of particular social housing is to be regarded as coming to an end on being assigned by way of exchange (and the assignee is to be regarded as a tenant whose tenancy began at that time).

(4) References to the tenant under a tenancy of particular social housing are to be read in accordance with subsection (3).

(5) In the social housing rents provisions, a reference to an amount of rent payable to a registered provider for social housing—

- (a) in the case of social housing that is affordable rent housing and is let at an affordable rent, includes a reference to an amount payable by way of service charge, and
- (b) in the case of other social housing, does not include a reference to an amount payable by way of service charge.’—(*Guy Opperman.*)

This amendment makes provision about terms used in the social housing rents provisions. In particular, it makes provision about when a tenancy begins and how a tenancy is to be treated as continuing, or as coming to an end.

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

New Clause 4

PERSONAL INDEPENDENCE PAYMENT: TIMING OF PAYMENT

‘(1) Schedule 10 of the Welfare Reform Act 2012 is amended as follows.

(2) In paragraph 1(1), at start insert “Subject to paragraph (),”

(3) At end of paragraph 1(1), insert the following new paragraph—

“() Where a person in receipt of disability living allowance meets the requirements of section 82 of the 2012 Act his or her entitlement to disability living allowance shall terminate immediately and entitlement to personal independence payment shall commence on the same day.”—(*Neil Coyle.*)

This New Clause aims to enable claimants of DLA who are transferred to PIP due to terminal illness to receive their first PIP payment immediately after being transferred. Currently claimants must wait four weeks from their final DLA payment to be made and then another four weeks to receive their first PIP payment.

Brought up, and read the First time.

Neil Coyle: I beg to move, That the clause be read a Second time.

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

New clause 18—*Review of Disability Living Allowance and Personal Independence Payment*—

‘(1) Part 4 of the Welfare Reform Act 2012 (Personal Independence Payment) is amended as follows.

(2) Insert new section after section 79—

“79A Review of Disability Living Allowance and Personal Independence Payment

(1) The Secretary of State shall in each tax year review the standard rate and enhanced rate of the daily living (section 78) and mobility component (section 79) of the personal independence payment.

(2) In carrying out a review under subsection (1) the Secretary of State shall consider the effect on the rates if they were increased by—

- (a) the percentage increase in the general level of earnings at the end of the period;
- (b) the percentage increase in the general level of prices for goods and services, as measured by the Consumer Price Index or by any measurement formally replacing the Consumer Price Index; and
- (c) 2.5 per cent.

(3) The Secretary of State shall within three months of this review concluding lay before Parliament a draft order which increases the value of the amount referred to in subsection (1) by the greatest of the three amounts calculated under paragraphs (a) to (c) of subsections (2).”

For DLA and PIP to be triple locked to further protect their value.

Neil Coyle: Thank you, Mr Owen. That was a bit of a surprise; I thought that there were more Government new clauses to get through.

I pay tribute to my hon. Friend the Member for Sheffield Central (Paul Blomfield) who supported the drafting of the new clauses. I also pay tribute to the citizens advice bureau that serves Sheffield Central and Sheffield, Brightside and Hillsborough for providing case studies. As the explanatory statement makes clear, the new clause is designed to improve support for disabled people who become terminally ill when they are already in receipt of DLA and are in the process of being transferred to the PIP. Welfare rights advisors have identified delays in support to that group. Are the Government were willing to address the concerns?

Today, we heard the Government again suggest that they are protecting disabled people and the most vulnerable. My new clause is solely concerned with terminally ill disabled people—people with an existing impairment or health condition and a terminal prognosis of six months or less left to live. It is very small group. On September 9, I asked the DWP for the specific number of people on DLA who would be affected by the measure. The answer I got back was disappointing—it was not from the Minister, but one of her colleagues. The answer was that the information on the number of disabled people affected by the issues “is not collated” by the Department

“and could only be provided at disproportionate cost.”

That was an incredibly disappointing response, not least because the DWP publishes PIP statistical ad hoc reports.

The most recent figures from May 2015 on registrations, clearances and awards indicate how many people within the figures might qualify for support. As of 31 March 2015, 774,800 new PIP claims and 123,700 DLA reassessment claims had been registered. For the entire period of PIP, the number of reassessments under the “special rules for the terminally ill”

—to use departmental language—was 16,000. To put a figure on it to enable the Government to cost the measure, we are talking about just 800 people a year, roughly, who are disadvantaged by current process and would benefit slightly from a more sympathetic position from the Government. Those are purely disabled people who are on DLA and moving to PIP due to terminal illness. The new clause is designed to ensure that they receive their first PIP immediately instead of waiting four weeks from the final DLA payment and another four weeks before receiving their first PIP. When people are terminally ill, time is more pressing and precious, and that is a ridiculous amount of time to wait to receive support. That length of time was not required by the former DLA rules, under which the payment would have been received far more quickly.

In the welfare rights advice sector, the perception of the coalition Government’s welfare reform legislation is that it was an accident, rather than a deliberate policy designed to delay support for terminally ill disabled people. Will the Minister indicate whether making terminally ill disabled people wait longer to access vital support was an intended outcome of the change under PIP?

Citizen’s advice bureaux throughout the country have been working as part of the big society—we do not hear so much about that any more. In Southwark, those

[Neil Coyle]

services have seen a 40% jump in demand. Their support for society has got far bigger as a direct result of welfare reform. I am grateful to the citizen's advice bureau in Sheffield for providing information about Carol. Carol is 59 and was in receipt of the DLA care component at the lowest rate of £21.80. On 27 May this year, following a diagnosis of metastatic breast cancer, she notified the DWP that she wanted her claim reconsidered under special rules. The Department awarded her the highest rates of the daily living and mobility components of PIP, which equates to £139.75 a week. However, due to the application of transitional rules, payment was from 8 July—four weeks after her next DLA payment date. Had she been a new claimant for PIP who was not already in receipt of DLA the benefit would have been awarded from 27 May. In Carol's case, that meant losing £117.95 a week for the period of 27 May to 8 July. Some claimants in similar situations would simply not live long enough to receive their awards under existing rules.

I must ensure that I anonymise the next example, as I do not believe that I have permission to name the individual. C1 was diagnosed with terminal lung cancer. He has chronic obstructive pulmonary disease and has had his right leg amputated below the knee. He received the DLA higher-rate mobility and lower-rate care payments. C1 was told that he could claim PIP instead of DLA but would then be entitled to enhanced care as well as higher-rate mobility. His PIP would not increase until four weeks after his next DLA payment date, so it might take four to eight weeks for the increase to take place, despite his significant disadvantages and terminal prognosis. On the date the advice was given, the client would not have been entitled to receive the enhanced rate until 30 September. He was given the advice in August. The individual has agreed to allow his story to be put forward, and he is happy for us to discuss his circumstances, but not to be named. However, it is a genuine example from Sheffield.

4 pm

I have one further example. A man with terminal cancer of the oesophagus looked into claiming under the special rules, having received disability living allowance at the highest rate of mobility and the lower rate of care. Again, this is about the process used by the Department and the system of allocating transfer dates by postcode. The PIP rates would not apply until 28 days after his next payment date. He lives on his own, has income-based employment and support allowance, is in the support group and currently receives £125.05 a week. That should increase by £61.85 a week, but at the point when his DLA was due on 5 August, he was not entitled to the enhanced rate until 2 September.

Again, that is another example of someone with a significant health condition—a terminal prognosis—losing out as a direct result of what was perhaps an accident in the original legislation. He would stand to benefit if the Government accepted the new clause tabled by my hon. Friend the Member for Sheffield Central and me. If Government Members believe that they are protecting the most vulnerable, that should include terminally ill people. It is difficult for medical professionals to give a terminal prognosis within six months, but those are three genuine examples of people who would have a

small amount more funding for a small amount more time. I hope that the Government will accept the amendment or indicate how they will introduce their own mechanism to fix that anomaly, which leaves the most disadvantaged and the terminally ill without some support.

Again, for clarification, if it was a DLA to DLA claim, the support would arrive much more quickly. This group are losing out purely as a result of the PIP changes, rather than of a specific change to overall benefit payments.

I am grateful to Scope for providing information and advice on a policy idea that that organisation has championed. The idea borrows a little from the triple lock policy for pensioners of which the Government are so proud, although I understand that some Liberal Democrats would claim credit for the policy. New clause 18 would require the Secretary of State to ensure that the value of extra cost payments, disability living allowance and personal independence payment are further protected through the use of a similar triple lock. DLA and PIP are critical in supporting disabled people to meet the extra costs of living with a health condition or impairment, which can be substantial. Benefits do not cover the full cost.

When I was still in the disability sector—I am grateful for the Minister's earlier kind words about my role in that sector—my charity, Disability Alliance at the time, undertook the largest review of disability living allowance and discovered that the costs often far outweighed the benefit received. Scope has undertaken more recent work to highlight the extra costs associated with disability. To quote a figure mentioned in a previous sitting, the average cost associated with a disabled person's health condition or impairment is £550 a month. The average personal independence payment award is £360 a month. Scope's research on backs up all previous research, including the Department's own analysis. It has not conducted research recently, but in the past, the DWP's research suggested that costs outweighed the payments received by disabled people.

Costs will vary between individuals, but there are common causes, such as the high price of specialist equipment and higher fuel and energy costs. It is also easy to identify someone with a lung condition or asthma—mention has previously been made of the need to keep heating consistent to facilitate easier breathing. Transport is a particular cost, and we have just spoken about Motability. Another factor is the inaccessibility of much of public transport, especially in rural areas, which adds to the additional cost that disabled people face when they have to use their own vehicle rather than public transport. Routine medical treatment also requires transport to and from hospital or the doctor. Costs also arise from the unaffordability of insurance and the necessity to buy more clothing and bedding. A disabled person who is not able to get out and about may have more visitors, in particular more personal assistants and care workers, and although they are not obliged, it is the decent thing to offer coffee, and have loo roll in the toilet. All those are costs.

Scope provided a couple of examples. Lesley said:

"My 18-month-old daughter has cerebral palsy, and her new specially-adapted buggy arrived on Monday. I had assumed it would have a shade and rain cover included, but no—the cheapest ... is £200. A rain cover for a non-adapted buggy is less than £20!"

That puts it in context, and it is an extra cost for which the family had not budgeted. The second example provided by Scope was that of Anabelle, who said:

“I have to buy shoes far more frequently than I would do if I did not have cerebral palsy. My shoes wear out quickly because of the way I walk. For example, the shoes I wear for work—9 to 5, five days a week—only last me two or three weeks.”

I thought that I got through shoes quickly on the campaign trial, but others do so as a direct result of how they walk, and that cost must be taken into account.

All those extra costs serve to undermine the financial resilience of some disabled people, which means that they are exposed to financial uncertainty in a way that non-disabled are not. DLA and PIP have a vital role to play in supporting disabled people to mitigate those costs and in helping with the broader implications of financial stability—finding work, participating in the community and living independently as far as possible.

Before the election, the Prime Minister said that he planned to “safeguard” and “enhance” the value of PIP. Although DLA and PIP have been protected from means-testing or taxation, there is no indication in the new Parliament of any willingness to act to enhance their value. In the original debates before the legislation on PIP was finalised, Ministers indicated that one reason for the change was that some disabled people could expect a higher level of support as a result, but that has not materialised. If the Government are serious about their supposed commitment to protecting the most vulnerable in society, it is essential that the role of DLA and PIP in supporting disabled people’s lives is fully recognised and protected accordingly in legislation. New clause 18 provides that opportunity.

To enhance the value of PIP with a triple lock, so that the value of the payment rises by the highest of the consumer prices index, earnings or 2.5%, similar to the basic state pension, would be a welcome step in the desired direction. It would underpin the Government’s commitment to protect disabled people.

DLA and PIP are currently uprated according to the CPI, which is based on a basket of general consumer goods and services. It does not relate to the extra costs that DLA and PIP payments are intended to offset, as they are often for expensive and specialised items, including mobility scooters. In case hon. Members are unaware, there are a lot of assumptions about who pays for what, and people assume that wheelchairs are provided to disabled people as a matter of routine—they are not. A contribution is made towards a wheelchair, but even something as essential as that is not covered and there is no budget from the national health service for it.

Disabled people also use DLA or PIP to pay for various costly services. Survey data from the think-tank Demos show that disabled people spend an average of almost £65 a month on household tasks and over £40 a month on therapy. That information is available online—the report is called “Counting the Cost”. A triple lock on PIP is more likely to be aligned with the value of those goods and services, because it provides a wider range of inflation measures. Protecting and enhancing the value of PIP through a triple lock would have a major beneficial impact by supporting disabled people to meet disability-related costs more effectively and establishing a stronger sense of financial stability. We are talking about costs purely as a result of living with a disability or a health condition—there is no luxury in what we are discussing.

The triple lock would enable individuals to overcome financial barriers to accessing employment, pay more into savings and pensions and exert consumer spending power. That is essential to raising the living standards of a growing disabled population, and a key element in establishing a thriving economy. Twenty years on from the passing of the Disability Discrimination Act 1995, it is a fitting time to recognise that the extra costs of disability still present a significant barrier for disabled people, and we should act to address that.

It should not be forgotten that the disability living allowance arose from a report commissioned by a Conservative Prime Minister, Margaret Thatcher, and was introduced by a Conservative Minister after she left office. So disability living allowance was a Conservative Government achievement. We have an opportunity to improve and enhance it, so I hope the Government will accept the amendment.

Peter Dowd: I support my hon. Friend and new clause 4. The Under-Secretary of State for Work and Pensions, the hon. Member for North West Cambridgeshire, talked earlier about a wider context, and I want to talk in a wider context now. Not many weeks ago we debated the Assisted Dying Bill—many people in this room were there. I suspect many Members, like me, voted against that Bill. We said it was a question of giving people dignity in death and as much support as possible in the weeks and months leading up to their death. The new clause would go a long way to helping with that concept, because we can have the abstract idea of supporting people who do not think people should be assisted when they are dying, but the new clause is a practical step to help those who voted against the Assisted Dying Bill to put that into effect.

We recently had a discussion about the hospice moment. I wrote an article about the movement in which I said it was part of the wider context and the wider support that we give in society to people who are on the doorstep of death—let us not beat about the bush, that is exactly what it is. The new clause is a practical proposal to help such people.

For those of us who have had a relative or a friend with a terminal illness, or for those who have worked in the sector and had to deal with people with a terminal illness, the new clause would provide reassurance. It would reassure me that I could be part of the process of saying, “Yes, we have helped you. It might be minor in some regards, but we have been able to help you in your last days and weeks.” That would take some of the stress from the family, and it might take some of the stress from the dying person as well. It is important that we play a part, even if we in this room can play only a small part.

There is another aspect. Some people with a terminal illness might have co-morbidity. They may have Parkinson’s disease; indeed, they may have Alzheimer’s. In those circumstances, it is incumbent on us to make sure that we link the abstract with the practical. This is a genuine opportunity to link our abstract principles and philosophy—on assisted dying, for example—with the practical implications.

4.15 pm

Neil Coyle: I also attended the debate on the Assisted Dying Bill, and there was a strong consensus that there was insufficient support for those who are dying or contemplating suicide. It is unfortunate that, even where there is an indication that some cuts in support have

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contributed towards tragic consequences for individuals, the Government are reluctant to analyse that properly and to prevent that from happening—not for any other purpose, but to ensure support to prevent people from taking their own lives and to support people at the end of their lives.

Peter Dowd: That is a well-made point. The more we get into this debate, the more we have to move from the philosophical and the abstract to the practical. This is a practical example of where we can say to people, “You’ve got so many pressures on your life at the moment, the least we can do is try to take away just a little of the pressure on you and your family.” If we can just do that, it would be a small step, but a great achievement.

Priti Patel: Let me start by thanking the hon. Members for Bermondsey and Old Southwark and for Bootle for their contributions, and particularly the hon. Member for Bermondsey and Old Southwark, who has experience in this area from his professional background. For the record, I also thank the third party organisations that have submitted written statements to the Committee and its members. The hon. Gentleman gave some examples—not attributable ones—but I repeat my offer to the Committee: if there are cases that he or any other member would like me to look at, I would be happy to do that and to meet them to give support and assurance.

New clause 18 seeks to create a duty to increase the rates of disability living allowance and PIP by the highest of the CPI, the rise in average earnings or 2.5%. DLA and PIP are benefits that offer support, as we have heard, for those needing care or supervision as a result of their disability. New clause 18 would require the Secretary of State to review those rates every tax year, considering the effect on them if they were increased by earnings, prices or 2.5%, and, within three months of concluding that review, to lay an order increasing them by the highest of earnings, prices or 2.5%.

Making this change to the Welfare Reform Act 2012, rather than to the Social Security Administration Act 1992, would create a second review process of DLA and PIP rates, which would overlap with the general review of benefits conducted by the Secretary of State every tax year. That would create uncertainty for benefit recipients, who may find their benefit rates reviewed and announced at different times. Furthermore, the change would remove the alignment between the rates of the care components of DLA and the daily living components of PIP, and those of the attendance allowance, causing further confusion for recipients between working and pensioner age.

This discussion has been highly relevant, however, because we all understand and share the desire of hon. Members who have contributed to the debate to protect and to support those in receipt of DLA and PIP. That is why we have in place many protections, which I would like to set out. We already continue to uprate DLA and PIP by price inflation; specifically, we have exempted certain benefits relating to the additional costs of disability and care from the benefits freeze. Those include DLA and PIP, as well as carer’s allowance, attendance allowance and the support group component of ESA. We have also exempted recipients of DLA and PIP from the benefits

cap. The welfare system continues to provide support and to protect those recipients. As we have heard, there are families who cannot work and require the support of DLA and PIP, which is why we have these exemptions. We have also ensured that both DLA and PIP remain universally accessible benefits and have committed not to means-test either. We have also committed to keep them non-taxable. We have built extra protections into the system for claimants who may need extra support.

That brings me on to new clause 4. During the course of our welfare reform programme, the Government have always made it clear that, in our steps to achieve a higher-wage, low-tax and low-welfare society, we will always provide support for those with the greatest needs. In particular, PIP recognises the unique challenges of claimants who are terminally ill. Special rules and criteria for the terminally ill have been introduced to ensure that the PIP system handles such cases both efficiently and sensitively to reduce burdens on individuals and their families at what is inevitably a difficult time. PIP has a fast-track system to allow us to process special rules claims more quickly, with claims, on average, being cleared within six working days. Some 99% of those who apply under the special rules are awarded the benefit, and we have ensured that each of those individuals is guaranteed the enhanced rate of the daily living component.

Evidence for special rules cases is reviewed on a paper basis, and we do not expect individuals applying in such circumstances to undertake any face-to-face assessments. We have worked closely with stakeholder organisations to design a system that allows us to make the correct decisions in such instances without the need for a face-to-face assessment, thereby reducing intrusion and stress for claimants and families. It also helps us to deliver vital support for claimants in the most practical way as soon as possible.

In many cases where an individual may not be aware of their prognosis, or where that might be a particularly distressing subject to discuss, we have worked to design the system to support family members, or representative third party organisations, through the claims process to ensure that individuals can still access the support to which they are rightly entitled in a way that is sensitive to their needs. Through those steps, we have a clear focus on delivery for the individual. It is also important that case managers still have sufficient time in which to consider an individual’s case to ensure that they are being awarded the correct level of support and benefits. Reducing that time, as suggested, would potentially increase the risk of an incorrect payment being made. In such cases, the claimant would either be left with less support or little support. Obviously, we want to ensure that we are not creating any arduous or difficult processes. We are focused on supporting individuals.

Debbie Abrahams: Will the Minister clarify that point? My hon. Friend the Member for Bermondsey and Old Southwark has said that that happens automatically in the current DLA system. It happens in the DLA system, but not in the PIP system. Why would there be an issue if it is transferred to the PIP system?

Priti Patel: As I have just said, that would undermine its value. The best way to put this is that, importantly, it

is about the individual and ensuring that we have the right rules so that we can support the individual in the right way.

Neil Coyle: It is a bit disturbing to hear the Minister worrying about an inappropriate payment, because she is suggesting that the Department cannot handle this issue. It already handles the issue through disability living allowance so that people get the support when they need it. A very small number of people are moving from disability living allowance to the personal independence payment—we are talking about a maximum of 800 people a year, according to the Department's figures. We are talking about a very small number of people and a change that aligns the support with DLA for those people in the DLA to PIP transition areas.

Priti Patel: I completely understand those points. The focus is on ensuring that PIP is delivered in the right way and providing the right support. Having listened to the debate today, I will happily consider the views expressed. We are working with stakeholders under the independent reviews, as well. That is important for the efficacy of the delivery and roll-out of PIP. I will take the views and representations made by the Committee into consideration, and we will work with hon. Members, as well. I will be happy to discuss this matter further outside the Committee.

The hon. Gentleman touched on the issue of how frequently claimants who are terminally ill receive their DLA or PIP. Those claimants receive their benefit payment weekly in advance, as opposed to four weeks in arrears, the normal payment cycle for PIP. As I said, I am happy to discuss the matter further and take on board hon. Members' considerations and representations. I therefore urge the hon. Gentleman to withdraw the new clause.

Neil Coyle: I thank the Minister for her response. It is good to know that there is a window of opportunity to explore this issue in a bit more detail. As I mentioned at the beginning of my remarks on the new clause, I hope that my hon. Friend the Member for Sheffield Central and the organisations in his constituency can be included in the discussions.

The fast-track system the Minister mentioned is there not out of the goodness of the Department's heart; it reflects the fact that these people have only six months to live from diagnosis. Looking to have equivalent support for those on disability living allowance who are transitioning to the personal independence payment gives us a small window of opportunity to make sure that there is no time lapse and that people do not end up out of pocket purely because of a postcode lottery.

I welcome the Minister's commitment and hope the discussions she mentioned are fruitful. If things are not as clear as we would like before Report, there will be the opportunity to discuss the provisions in the new clause at that stage.

To come back to the earlier point about taxpayers, there are many disabled people who use DLA and PIP to support themselves in work. In-work costs are higher for many disabled people—public transport costs, different work uniforms or whatever it might be. We should not lose sight of that. It would be useful if the Government could give a stronger indication that they would be willing to consider having higher payments, which the triple lock would achieve.

I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

The Chair: This is my last sitting of the Committee. I thank all members, including the Ministers and those sitting on the Opposition Front Bench. In particular, I thank both Clerks, who have been tireless in their work, and *Hansard*.

Ordered, That further consideration be now adjourned.
—(*Guy Opperman.*)

4.29 pm

Adjourned till Tuesday 20 October at twenty-five past Nine o'clock.

Written evidence reported to the House

WRW 65 ENABLE Scotland

WRW 66 Plymouth City Council Cabinet Advisory
Group on Child Poverty

WRW 67 Scottish Federation of Housing Associations

WRW 68 Southampton City Council

WRW 69 Gingerbread

WRW 70 UNISON

WRW 71 David Hall

WRW 72 Not published (This individual wishes to
remain anonymous)

WRW 73 Disability Rights UK

WRW 74 Knowsley Council