

HOUSE OF LORDS

Secondary Legislation Scrutiny Committee

21st Report of Session 2016–17

**Draft Modifications to the Standard
Conditions of Electricity and Gas Supply
Licences (Smart Meters No. 3 of 2017)**

**Higher Education (Basic Amount)
(England) Regulations 2016**

**Higher Education (Higher Amount)
(England) Regulations 2016**

**Student Fees (Inflation Index) (England)
(Amendment) Regulations 2016**

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Secondary Legislation Scrutiny Committee

The Committee was established on 17 December 2003 as the Merits of Statutory Instruments Committee. It was renamed in 2012 to reflect the widening of its responsibilities to include the scrutiny of Orders laid under the Public Bodies Act 2011.

The Committee's terms of reference are set out in full on the website but are, broadly, to scrutinise —

(a) every instrument (whether or not a statutory instrument), or draft of an instrument, which is laid before each House of Parliament and upon which proceedings may be, or might have been, taken in either House of Parliament under an Act of Parliament;

(b) every proposal which is in the form of a draft of such an instrument and is laid before each House of Parliament under an Act of Parliament,

with a view to determining whether or not the special attention of the House should be drawn to it on any of these specified grounds:

(a) that it is politically or legally important or gives rise to issues of public policy likely to be of interest to the House;

(b) that it may be inappropriate in view of changed circumstances since the enactment of the parent Act;

(c) that it may inappropriately implement European Union legislation;

(d) that it may imperfectly achieve its policy objectives;

(e) that the explanatory material laid in support provides insufficient information to gain a clear understanding about the instrument's policy objective and intended implementation;

(f) that there appear to be inadequacies in the consultation process which relates to the instrument.

The Committee may also consider such other general matters relating to the effective scrutiny of secondary legislation as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

Members

Baroness Andrews

Lord Hodgson of Astley Abbots

Lord Rowlands

Lord Bowness

Baroness Humphreys

Baroness Stern

Lord Goddard of Stockport

Rt Hon. Lord Janvrin

Rt Hon. Lord Trefgarne (*Chairman*)

Lord Haskel

Baroness O'Loan

Registered interests

Information about interests of Committee Members can be found in the last Appendix to this report.

Publications

The Committee's Reports are published on the internet at www.parliament.uk/seclegpublications

The National Archives publish statutory instruments with a plain English explanatory memorandum on the internet at <http://www.legislation.gov.uk/uksi>

Information and Contacts

Any query about the Committee or its work, or opinions on any new item of secondary legislation, should be directed to the Clerk to the Secondary Legislation Scrutiny Committee, Legislation Office, House of Lords, London SW1A 0PW. The telephone number is 020 7219 8821 and the email address is hseclegscrutiny@parliament.uk.

Twenty First Report

INSTRUMENTS DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

Draft Modifications to the Standard Conditions of Electricity and Gas Supply Licences (Smart Meters No. 3 of 2017)

Date laid: 12 December 2016

Parliamentary procedure: negative

The Government have introduced obligations in the licences held by energy suppliers to roll out smart gas and electricity meters to every home and smaller business in Great Britain by the end of 2020. The roll-out involves first and second generations of smart meters, respectively known as SMETS1 and SMETS2. In July 2015, the Government decided to introduce an obligation on large suppliers to take all reasonable steps to install 1,500 SMETS2 meters, or 0.025% of total meter points (whichever was the lower), by 1 February 2017. This requirement is known as the Early Roll-out Obligation (ERO). These draft modifications remove the ERO.

The Department for Business, Energy and Industrial Strategy allowed only one week for responses to its consultation letter of 16 November 2016, proposing that the ERO should be removed. We have obtained additional information from the Department about that consultation, and about a number of issues related to the roll-out programme. In our view, this information should have been included in the Explanatory Memorandum laid with the draft Modifications.

We draw this instrument to the special attention of the House on the grounds that there appear to be inadequacies in the consultation process which relates to the instrument, and that the explanatory material laid in support provides insufficient information to gain a clear understanding about the instrument’s policy objective and intended implementation.

1. The Department for Business, Energy and Industrial Strategy (BEIS) has laid these draft modifications with an Explanatory Memorandum (EM). As stated in the EM, the Government have introduced obligations in the licences held by energy suppliers to roll out smart gas and electricity meters to every home and smaller business in Great Britain by the end of 2020. BEIS says that smart meters will give people better information about, and control over, their energy consumption. The roll-out involves a first and second generation of smart meters, respectively known as SMETS1—which have made up most of the smart meters so far fitted—and SMETS2—which will account for the majority of the smart meters still to be installed.
2. In July 2015, the Government published the “Smart Metering Implementation Programme”¹ which explained that the full benefits of smart metering were expected to be delivered through the installation and operation of SMETS2 meters. Given their view that “a de-minimis obligation will provide greater certainty to the industry as a whole and ensure all large suppliers are able to demonstrate progress towards their rollout targets”, the Government decided

¹ See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/450167/Smart_Meters_Rollout_Strategy_Government_response_FINAL.pdf

to introduce an obligation on large suppliers to take all reasonable steps to install 1,500 SMETS2 meters, or 0.025% of total meter points (whichever was the lower), by 1 February 2017. This requirement is known as the Early Roll-out Obligation (ERO).

3. These draft modifications remove the ERO from the Supply Licence Conditions. BEIS says in the EM that this is being done because the ERO has largely fulfilled its purpose of being a catalyst for SMETS2 procurement activity. It explains that it consulted on the legal text of these changes in an open letter between 16 and 23 November 2016. 17 responses to the letter were received; 12 respondents (including energy suppliers, Energy UK, Ofgem and a Meter Asset Provider) agreed with the proposal to remove the ERO; five (including Citizens Advice and network operators) disagreed.
4. We obtained further information from BEIS, which we are publishing as Appendix 1. We asked why the Department had allowed only one week for responses to its consultation letter of 16 November 2016. BEIS has said that the consultation itself was supported by discussions with stakeholders held in advance; and that the consultation timing was short, but was considered appropriate in order to allow for the potential removal of the ERO ahead of it coming into force. We are not persuaded by this argument. **Better planning would have allowed the consultation process to have been initiated earlier; by the same token, the approach followed by BEIS in this case invites speculation that the Department failed to prepare for consultation in a timely way. In our view, a one-week deadline for a response cannot be justified.**
5. We also raised with BEIS a number of issues related to the roll-out programme which arise from the response to the consultation letter submitted by Citizens Advice. These issues included:
 - the number of SMETS1 meters likely to have been, or to be installed under the programme: BEIS' estimate of the eventual total number is eight million;
 - the number of SMETS2 meters so far installed: BEIS has said that it understands that no SMETS2 meters have yet been installed against suppliers roll-out targets; and
 - the disbenefits to consumers of having a SMETS1 meter installed: BEIS has said that, against SMETS2 meters, SMETS1 meters offer the same "consumer-facing functionality" as SMETS2 meters, "the only disbenefit being that temporarily, some suppliers are not offering to retain a consumers smart service when you switch to them". However, BEIS has also noted that "SMETS2 meters do additionally support network related functionality, e.g. outage reporting, which is why they offer higher overall benefits to the Programme and why in the consultation response we stress the importance of suppliers installing SMETS2 meters as soon as practicable".
6. **In our view, all of this information should have been included in the Explanatory Memorandum in order to understand more fully the background to the Department's decision to remove the Early Roll-out Obligation, which was intended to accelerate the installation of SMETS2 meters. The material originally provided alongside the draft Modifications falls short of the extent of information which we expect to be offered to Parliament to assist its work of scrutiny.**

**Higher Education (Basic Amount) (England) Regulations 2016
(SI 2016/1205)**

**Higher Education (Higher Amount) (England) Regulations 2016
(SI 2016/1206)**

**Student Fees (Inflation Index) (England) (Amendment) Regulations
2016 (SI 2016/1207)**

Date laid: 15 December 2016

Parliamentary procedure: negative

The Higher Education (Basic Amount) (England) Regulations 2016 and the Higher Education (Higher Amount) (England) Regulations 2016 set variable limits on the maximum fees that publicly funded higher education institutions can charge students. The Student Fees (Inflation Index) (Amendment) Regulations 2016 clarify that the relevant index of prices to be used for uprating maximum amounts of tuition fees is now issued by the Office for Budget Responsibility.

The Department for Education has said that its assessment is that the potential increase in fees will not be significant enough to alter participation decisions by prospective students. In December 2016, UCAS published an “End of Cycle Report 2016” which, among other things, found that, over the past couple of years, there had been no material change in the overall relative equality of entering higher education. The Department acknowledges that young people from disadvantaged backgrounds are still much less likely to go to university than their more affluent peers, but has set out steps that it is taking to increase social mobility.

We draw these instruments to the special attention of the House on the ground that they give rise to issues of public policy likely to be of interest to the House.

7. The Department for Education (DfE) has laid these three sets of Regulations with a shared Explanatory Memorandum (EM). The Higher Education (Basic Amount) (England) Regulations 2016 (SI 2016/1205) and the Higher Education (Higher Amount) (England) Regulations 2016 (SI 2016/2016) set variable limits on the maximum fees that publicly funded higher education institutions (HEIs) can charge students undertaking higher education courses which started on or after 1 September 2012 (“relevant students”), in respect of an academic year starting on or after 1 August 2017. In amending an earlier instrument,² the Student Fees (Inflation Index) (Amendment) Regulations 2016 clarify that the relevant index of prices to be used for uprating maximum amounts of tuition fees (in order to maintain the value of these amounts in real terms) is now issued by the Office for Budget Responsibility, instead of the Office for National Statistics.
8. In the EM, DfE explains that the Higher Education Act 2004 provides that publicly funded HEIs can charge up to a “basic amount” threshold or up to a “higher amount” threshold for tuition fees in relation to full-time and part-time courses starting on or after 1 September 2012. HEIs wishing to charge above the basic amount threshold up to the higher amount threshold are required to have an access agreement approved by the Director of Fair Access to Higher Education.

² The Student Fees (Inflation Index) Regulations 2006 (SI 2006/507).

9. DfE says that, from 2016–17, the Government are introducing a Teaching Excellence Framework (TEF) to drive up the standard of teaching in all HEIs. In Year One of TEF (2016–17), all HEIs who have met the relevant eligibility criteria³ have received a rating of “Meets Expectations”.⁴ This TEF award will carry financial incentives for 2017–18 which are intended to last for one year only. For all relevant students who are undertaking courses at publicly funded HEIs that have achieved a TEF rating of “Meets Expectations”, basic amount and higher amount tuition fee caps will be increased by forecast inflation (2.8%) in 2017–18. Basic amount and higher amount tuition fee caps for publicly funded HEIs that have not achieved a TEF rating of “Meets Expectations” will remain at 2016–17 levels in 2017–18.
10. SI 2016/1205 provides that the maximum tuition fee for publicly funded HEIs that have achieved a TEF rating of “Meets Expectations” will be £6,165 for full-time courses in 2017–18 where the basic amount is permitted. SI 2016/1206 provides that the maximum tuition fee cap for publicly funded institutions that have achieved a TEF rating of “Meets Expectations” will be £9,250 for full-time courses in 2017–18 where the higher amount is permitted.⁵ Basic amount and higher amount tuition fee caps for publicly funded higher education institutions that have not achieved a TEF rating of “Meets Expectations” will remain at £6,000 and £9,000 respectively in 2017–18.
11. At the same time as laying these Regulations, DfE published an Equality Analysis (EA) covering detailed changes to maximum fee caps for 2017–18 and their impact on protected and disadvantaged groups of students.⁶ In the EA, DfE states that an impact of the proposed policy changes for some will be an increase in student loan debt. However, it says as well that attitudes to debt are not uniform across the student population, with the evidence suggesting students from ethnic minorities, less advantaged backgrounds and mature students are more debt averse and cost sensitive than others. DfE adds:

“It is unclear, however, what effect if any this greater debt adversity has on their participation decisions. As noted above, there is little evidence from recent reforms that saw a much more significant increase in costs for students and there is some evidence that students are more relaxed about taking on debt when they see it as an investment in their future. Our assessment, therefore, is that the potential increase in fees and fee loans that this policy change enables will not be significant enough to alter participation decisions. This is because the increases will be nominal; in real terms students will be neither worse nor better off as a result”.

3 These criteria are set out in Annex A to the White Paper, “Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice”: <https://www.gov.uk/government/publications/higher-education-success-as-a-knowledge-economy-white-paper>

4 The TEF Year One list was published in September 2016: <https://www.gov.uk/government/publications/teaching-excellence-framework-year-1-list-of-eligible-providers>

5 A Written Ministerial Statement about the proposed changes to maximum fees was made on 21 July 2016: HLWS 126.

6 <https://www.gov.uk/government/publications/higher-education-student-finance-2017-to-2018-equality-analysis>

12. Also in December 2016, UCAS published an “End of Cycle Report 2016”⁷ which covered “some of the key issues for students and higher education”. This included the issue of equality of entry to higher education in England, about which UCAS said the following:

“One way to summarise the differences in entry rates across the multiple equality dimensions is to track the difference between groups 1 and 5, those with the lowest and highest entry rates.⁸ As the overall entry rate to higher education has been increasing over the past decade, using the ratio of the entry rates between these groups can be helpful, and directly measures how much more likely group 5 is to enter HE than group 1. In 2006, young people in group 5 were 6.0 times more likely to enter than those in group 1. This ratio then declined to 3.8 times by 2014. Since then, the ratio has not decreased further. This means that over the past couple of years, there has been no material change in the overall relative equality of entering higher education”.

13. We asked DfE to comment on this finding, and on whether the Government were taking measures to address the issue of the overall relative equality of entering higher education. We are publishing the Department’s response at Appendix 2. This includes the statement that:

“over the period 2009–2016, the proportional increase [for disadvantaged people] has been greater than the increase for those from the most advantaged backgrounds, with the entry ratio between those from advantaged and disadvantaged backgrounds decreasing. As highlighted in the recent UCAS End of Cycle Report, the entry rate in 2015 and 2016 has increased for both advantaged and disadvantaged young people, with the ratio remaining fairly stable. However we acknowledge that there is still much to do. Young people from disadvantaged backgrounds are still much less likely to go to university than their more affluent peers”.

14. In particular, DfE states that “the Higher Education and Research Bill, currently before Parliament, has social mobility at its core. It seeks to improve participation in HE and, by doing so, increase social mobility”.

7 See: <https://www.ucas.com/corporate/data-and-analysis/ucas-undergraduate-releases/ucas-undergraduate-analysis-reports/ucas-undergraduate-end-cycle-reports>

8 “The multiple equality measure (MEM) group 1 contains those groups in the young English population that have the lowest entry rates in higher education across a combination of population characteristics. The young population the statistical methods identify as being in this group are predominantly men and attended schools in the state sector, where they were recorded as being in the White ethnic group, coming from a low income family, and living in a neighbourhood with lower HE entry rates...The multiple equality measure (MEM) group 5 contains those groups in the young English population that have the highest entry rates in higher education across a combination of population characteristics. The young people in this group are typically women, attended an independent school or were at a state school, and are living in a high entry rate neighbourhood, not from a lower income background, and were in the Asian and Chinese ethnic groups.” Taken from UCAS “End of Cycle Report 2016”.

INSTRUMENT OF INTEREST

Draft Housing and Planning Act 2016 (Permission in Principle etc) (Miscellaneous Amendments) (England) Regulations 2017

15. The Department for Communities and Local Government (DCLG) has laid these draft Regulations with an Explanatory Memorandum, in which DCLG says that “permission in principle” is designed to separate decision-making on “in principle” issues (addressing land use, location, and amount of development) from matters of technical detail. A grant of permission in principle would be followed by an application to agree the technical details of the scheme before the applicant has permission to develop the site. Powers secured through the Housing and Planning Act 2016 allow permission in principle to be granted when local authorities choose to allocate housing-led development in future local and neighbourhood plans, or when they identify land on brownfield land registers.
16. These Regulations are part of a package of legislation to implement the permission in principle consent route. Under existing powers in the Commons Act 2006, the right to apply to register a town and village green is “switched off” for land that is proposed for development through a local plan, and for land that follows the existing routes to planning permission, but not for land that will follow the new permission in principle route. The changes made by these Regulations will ensure that the right to apply to register a town and village green will be applied consistently where it interrelates with the planning system. DCLG has told us that it is unlikely that large additional areas of land will be brought within the scope of the Regulations; and that, if the new permission in principle consent route were not implemented, the majority of the sites being considered for a grant of permission in principle would otherwise be either proposed for development through a local plan or would follow the existing full or outline application routes (in which case they would already be within the scope of the Regulations).

INSTRUMENTS NOT DRAWN TO THE SPECIAL ATTENTION OF THE HOUSE

The Committee has considered the instruments set out below and has determined that the special attention of the House need not be drawn to them.

Draft instruments subject to affirmative approval

Housing and Planning Act 2016 (Permission in Principle etc) (Miscellaneous Amendments) (England) Regulations 2017
 Immigration (Health Charge) (Amendment) Order 2017
 Scottish Fiscal Commission Act 2016 (Consequential Provisions and Modifications) Order 2017

Draft instruments subject to annulment

Modifications to the Standard Conditions of Electricity and Gas Supply Licenses, the Smart Meter Communication Licenses and the Smart Energy Code (Smart Meters No. 2 of 2017)

Instruments subject to annulment

- SI 2016/1196 Bourne Foundation (Dissolution) Order 2016
- SI 2016/1208 Democratic Republic of the Congo (Asset-Freezing) (Amendment) Regulations 2016
- SI 2016/1210 Copyright (Amendment) Regulations 2016
- SI 2016/1211 Merchant Shipping and Fishing Vessels (Port Waste Reception Facilities) (Amendment) Regulations 2016
- SI 2016/1214 Democratic People's Republic of Korea (European Union Financial Sanctions) (Amendment) (No. 3) Regulations 2016
- SI 2016/1219 Copyright and Performances (Application to Other Countries) Order 2016
- SI 2016/1243 Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2016
- SI 2016/1248 Greater London Authority (Consolidated Council Tax Requirement Procedure) Regulations 2016
- SI 2016/1254 Nitrate Pollution Prevention (Amendment) (No. 2) Regulations 2016
- SR 2016/432 Social Security (Miscellaneous Amendments) Regulations (Northern Ireland) 2016

DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY AND GAS SUPPLY LICENCES (SMART METERS NO. 3 OF 2017)

Additional Information from the Department for Business, Energy and Industrial Strategy (BEIS)

Q1: In the Explanatory Memorandum you say: “Government has consulted on the legal text of these changes to the Supply Licence Conditions in an open letter between 16 and 23 November 2016 (“BEIS open letter consultation on removing the Early Rollout Obligation”)”. I take this to mean that BEIS allowed consultation respondents one week to put forward their views. This is an extremely short period for consultation. Why did BEIS not allow longer, in order to ensure that interested parties had sufficient time to coordinate their concerns and put them forward in a timely way?

A1: The consultation timing was short but was considered appropriate in order to allow for the potential removal of the Early Rollout Obligation (ERO) ahead of it coming into force. This would have otherwise risked suppliers falling into non-compliance or taking decisions to meet the ERO with potential adverse outcomes for consumers e.g. installing meters without sufficient testing of operational systems/consumer journeys. The consultation itself was supported by discussions with stakeholders ahead of the consultation period—both in one to one outreach with large and small suppliers, Ofgem and Citizens Advice as well as at a meeting of key stakeholders, where the timing of the consultation was forewarned. The consultation secured a good response rate with 17 respondents sending in a reply (for comparison, the February 2016 SEC consultation secured 9 responses on the ERO implementation). We did not receive any requests for further time, nor were any objections raised on the consultation timing.

Q2: The Explanatory Memorandum refers to arguments from Citizens Advice and other stakeholders that any increased deployment of SMETS1 meters that might result from removing the ERO would offer lower overall benefits for customers and network operators respectively. In its response to BEIS’ consultation letter,⁹ Citizens Advice says:

“Our research established that, despite the existence of a requirement on suppliers to inform consumers about the limitations of SMETS1 meters, just 3% said they had been told about any by their supplier ahead of their meter being installed. However, when told about the potential issues with SMETS1, specifically that most were unable to retain ‘smart’ functionality after switching, nearly half those we surveyed said they would probably or definitely not get one. This combination of lack of education and negative sentiment towards SMETS1 meters makes it important that SMETS2 iterations are made available to consumers as soon as possible.

“The Government’s new CBA for the programme flagged an anticipated increase in SMETS1 numbers from 5.4 to 8 million meters. As the figures for this document were gathered in August and that the communications system for SMETS2 was delayed several times subsequently, it is not unreasonable to speculate that this is a conservative assessment. Indeed, the DCC’s¹⁰ Initial Enrolment Feasibility Report estimates the market will reach at least 10 million SMETS1 meters.

9 See: <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/CitizensAdviceResponsetoBEISConsultationontheEarlyRolloutObligation.pdf>

10 The DCC, or Data Communications Company, has been set up to establish and manage the data and communications network to connect smart meters to the business systems of energy suppliers, network operators and other authorised service users of the network.

“Given consumer sentiment, it is crucial for consumers that the Government takes all necessary steps to ensure that fully interoperable SMETS2 meters are rolled out as soon as possible. This will ensure people get the best possible experience, avoiding the inconvenience of either losing their ‘smart’ functionality or having to get a replacement for their SMETS1 meter on switching”.

Do you accept the Citizens Advice estimate that at least 10 million SMETS1 meters will be installed? If so, how do you justify the claim that the ERO “has largely fulfilled its purpose of being a catalyst for SMETS2”? And what is your view of the Citizens Advice statement that there is a “combination of lack of education and negative sentiment towards SMETS1 meters”, and that “SMETS2 iterations are made available to consumers as soon as possible”?

A2: As a result of the ERO, larger suppliers have committed to their SMETS2 procurement strategies. There were no such contracts in place before the ERO was implemented so it has been a catalyst for change. We do not expect the removal of the ERO to result in suppliers reversing out of these strategies now commitments have been made given the commercial and wider regulatory imperatives now on them. The ERO is therefore irrelevant to the total number of SMETS1 meters which may now be installed.

We would agree with Citizens Advice that it is in consumer and wider Programme interests that SMETS2 meters are rolled out as early as possible. At least one supplier suggested that the removal of the ERO was helpful in this regard as it allowed them to focus their energies on their overall SMETS2 implementation strategy rather than side track resource to meet the ERO. We have signalled to suppliers that only SMETS2 meters will be allowed to be installed from Q2 2018. This will be the major driver for suppliers building up their SMETS2 supply chains and installation profile during 2017 (alongside the obligation to have completed the roll out by end 2020).

In terms of the broader questions on SMETS1 meters, we would agree with Citizens Advice that there is work to do to educate consumers about the many benefits all smart meters have to offer, from an end to estimated billing to near real time energy use information. Government, suppliers and Smart Energy GB are working to achieve this. However we do not agree with Citizens Advice that there is negative sentiment towards SMETS1 meters. Evidence suggests otherwise; for instance the Populus consumer research conducted by Smart Energy GB found that 8 in 10 households with a smart meter would recommend them to family and friends.¹¹

Q3: Citizens Advice have offered an estimate that at least 10 million SMETS1 meters will be installed. You have said that your estimate of the total number of SMETS1 meters remains in line with the Cost Benefit Analysis published late last year meaning that the majority of the 53 million smart meters being installed under the Programme will be SMETS2. Does your estimate concur with the figure of at least 10 million SMETS1 meters being installed?

11 See: <https://www.smartenergygb.org/en/resources/press-centre?tab=4>

A3: ...just to reinforce upfront, the Licence obligation we are now seeking to remove was introduced to drive larger suppliers SMETS2 metering procurement activity. It has been successful in this endeavour with all relevant suppliers now having procurements in place. Its proposed removal is predicated on our judgement that it is in consumers best interests e.g. it stops suppliers from trying to push out meters in immature environments to meet a regulatory obligation. The majority of stakeholders agreed with this assessment. As indicated previously, its removal should have no bearing on SMETS1 numbers so SMETS1 interoperability issues do not present themselves for this decision.

As set out in the CBA we estimate that 8 million SMETS1 meters will be installed. This is lower than supplier projections (reflected by the 10m figure in the DCC report Citizens Advice quote) but we adjust for historic over estimation by suppliers of their profile. Should the number of SMETS1 meters prove to be higher in practice, our view is that this will have no bearing on long term consumer benefits with the intention for SMETS1 meters to be enrolled in the DCC and so fully interoperable.

Q4: What are the disbenefits to consumers of having a SMETS1 meter installed?

A: There are no disbenefits to consumers having a SMETS1 meter installed over a traditional meter. SMETS1 meters have provided consumers the opportunity to have early smart metering benefits including bill savings ahead of DCC going live and SMETS2 meters becoming available. Against SMETS2 meters SMETS1 meters offer the same consumer facing functionality—the only disbenefit being that temporarily, some suppliers are not offering to retain a consumers smart service when you switch to them. I should note that SMETS2 meters do additionally support network related functionality e.g. outage reporting, which is why they offer higher overall benefits to the Programme and why in the consultation response we stress the importance of suppliers installing SMETS2 meters as soon as practicable.

Q5: How far have suppliers complied with the ERO: in other words, how many SMETS2 meters have been installed, and by which suppliers?

A: We have yet to receive supplier data on installs since the DCC went live late last year—SMETS2 meters could only be installed after this point. Our understanding is that no SMETS2 meters have been installed against suppliers roll out targets yet and our expectation is that SMETS2 meters will first be included in the Jan–March 2017 report period, with the relevant quarterly report due to be published in June.

6 January 2017

**APPENDIX 1: HIGHER EDUCATION (BASIC AMOUNT) (ENGLAND)
REGULATIONS 2016 (SI 2016/1205)
HIGHER EDUCATION (HIGHER AMOUNT) (ENGLAND)
REGULATIONS 2016 (SI 2016/1206)
STUDENT FEES (INFLATION INDEX) (ENGLAND) (AMENDMENT)
REGULATIONS 2016 (SI 2016/1207)**

Additional Information from the Department for Education

The recent data from UCAS, published in December, shows there were record numbers of young disadvantaged people going to university in 2016. The entry rate for the most disadvantaged 18 year olds (as measured by POLAR)¹² has risen to 19.5%, the highest ever recorded, making disadvantaged young people in England 43% more likely to enter university in 2016 than in 2009.

Over the period 2009–2016, the proportional increase has been greater than the increase for those from the most advantaged backgrounds, with the entry ratio between those from advantaged and disadvantaged backgrounds decreasing. As highlighted in the recent UCAS End of Cycle Report, the entry rate in 2015 and 2016 has increased for both advantaged and disadvantaged young people, with the ratio remaining fairly stable.

However we acknowledge that there is still much to do. Young people from disadvantaged backgrounds are still much less likely to go to university than their more affluent peers.

In February 2016, we published new guidance to the Director for Fair Access (DfA)—the first new guidance since 2011. The DfA has since agreed 198 Access Agreements for 2017/18 with plans for Universities to spend more than £833 million on measures to improve access and student success for students from disadvantaged backgrounds - up significantly from £404 million in 2009. Any higher education provider wanting to charge over £6k has to have an access agreement agreed with the independent Director of Fair Access.

The Higher Education and Research Bill, currently before Parliament, has social mobility at its core. It seeks to improve participation in HE and, by doing so, increase social mobility. The Bill establishes the Office for Students (OfS) which will have responsibility for access to higher education and widening participation, and for the first time ever a statutory duty to promote equality of opportunity for all students. The OfS will incorporate the powers of the current Director of Fair Access. Our clear intention is that the OfS will give responsibility to the Director for Fair Access and Participation (the “DFAP”) for access and participation activities. This will include agreeing Access and Participation Plans which universities will be required to submit before they can charge students fees at the higher amount. In addition, the DFAP will be responsible for reporting to the other members of the OfS on the performance by the OfS of its access and participation functions.

¹² The participation of local areas (POLAR) classification groups areas across the UK based on the proportion of the young population that participates in higher education (HE).

The Bill will also enable the Government to offer alternative student finance, consistent with the principles of Islamic finance, for the first time. Alternative student finance would not involve payments based on interest, which is inconsistent with the principles of Islamic finance. It will be open to students irrespective of their religious beliefs and will not result in any financial advantage or disadvantage for people who use it, relative to a student loan. This will help ensure equality of opportunity.

The Bill will require Higher Education providers to publish their respective student application, offer, acceptance and completion rates by gender, ethnic background and socio-economic background through a Transparency Duty to shine a spotlight on those institutions who need to go further in widening participation. We believe these measures will help to further drive social mobility in the future.

Through the proposals in the Schools that Work for Everyone consultation, we intend to harness universities' expertise in raising standards and school attainment. This will enable pupils from all backgrounds to have access to greater opportunity.

21 December 2016

APPENDIX 2: INTERESTS AND ATTENDANCE

Committee Members' registered interests may be examined in the online Register of Lords' Interests at www.publications.parliament.uk/pa/ld/ldreg.htm. The Register may also be inspected in the Parliamentary Archives.

For the business taken at the meeting on 10 January 2017, Peers declared no interests.

Attendance:

The meeting was attended by Baroness Andrews, Lord Bowness, Lord Goddard of Stockport, Lord Hodgson of Astley Abbotts, Lord Janvrin, Baroness O'Loan and Lord Trefgarne.