



**Northern Ireland
Assembly**

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Savings Accounts and Health in
Pregnancy Grant Bill: Legislative
Consent Motion**

25 November 2010

NORTHERN IRELAND ASSEMBLY

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SOCIAL DEVELOPMENT**

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Legislative Consent Motion**

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Members present for all or part of the proceedings:

Ms Carál Ní Chuilín (Deputy Chairperson)

Mr Sydney Anderson

Mrs Mary Bradley

Mr Mickey Brady

Mr Jonathan Craig

Mr Alex Easton

Mr Tommy Gallagher

Ms Anna Lo

Mr John McCallister

Mr Fra McCann

Witnesses:

Ms Marion McKay) Department for Social Development

Mr Michael Pollock)

The Deputy Chairperson (Ms Ní Chuilín):

We move now to the legislative consent motion. I advise members that the Minister for Social Development has written to advise us that the Savings Accounts and Health in Pregnancy Grant Bill was introduced at Westminster on 15 September 2010. The Minister has enclosed a copy of the Bill for information. The Bill includes provisions that deal with devolved matters. As the

matters are considered to be technical and apply UK-wide, the Department for Work and Pensions has elected to legislate at Westminster and seek the Assembly's consent for the application of the provisions in Northern Ireland. The Minister requests that the Committee considers the relevant legislative consent motion and sets out its views before 30 November 2010.

With us are Marion McKay and Michael Pollock from the Department for Social Development. You are both very welcome. You have previously been before the Committee, so you know the official health warning about mobile phones. I invite you to brief the Committee on the legislative consent motion.

Mr Michael Pollock (Department for Social Development):

As you indicated, this is a technical amendment in respect of the Savings Accounts and Health in Pregnancy Grant Bill. Initially, the saving gateway accounts element was to be handled by the Department for Social Development. We would have been in a position to provide HM Revenue and Customs (HMRC) with information on the qualifying benefits that a claimant in receipt of those benefits would need to facilitate the opening of a saving gateway account. However, it was decided in the June Budget to scrap the saving gateway accounts element. This legislative consent motion deals expressly, and only, with the saving gateway accounts element of the Bill and the provision for the sharing of information in that regard.

The wording of the legislative consent motion is:

“That this Assembly agrees that the provisions in the Savings Accounts and Health in Pregnancy Grant Bill (consequential on the proposed repeal of the Saving Gateway Accounts Act 2009) dealing with the supply of information by the Department for Social Development and the classification of Saving Gateway accounts as an excepted matter under schedule 2 to the Northern Ireland Act 1998 should be considered by the UK Parliament.”

Ordinarily, those issues would have been transferred matters. However, when the Bill was introduced originally, it was decided that those would be retained as excepted matters so that the Treasury could keep control of them. That was added to the 1998 Act. It was not actually introduced to schedule 2 because the saving gateway accounts have not been introduced here or in the rest of the UK. Given that it was decided in June that the saving gateway accounts will not be introduced during the lifetime of the current Parliament, there is a requirement for a repeal and

the provision of information sharing.

The Deputy Chairperson:

What you are saying, Michael, is that the legislative consent motion relates purely to the saving gateway accounts element rather than the health in pregnancy element.

Mr Pollock:

It relates purely to the saving gateway accounts element.

Mr Brady:

Is this the abolition of the scheme?

Mr Pollock:

Yes, it is.

Mr Brady:

It was one of the more forward-looking schemes because it was an investment in children. Over the past while, I have spoken to people who welcomed it, particularly young parents who were starting families. Putting the scheme forward raised expectations, but it is another cut.

Mr Pollock:

It is, and it is unwelcome. When the idea was introduced initially, the Committee welcomed the extension of the provisions to Northern Ireland. It was essentially a savings scheme for people on low incomes. If people on the qualifying benefits opened a saving gateway account, after two years, when the account had matured, they would get 50p for every £1 that they saved up to a maximum of £300. People were supposed to have been able to save up to £600 and receive £300 at the end of it, but that did not happen.

Mr Brady:

It was an incentive for people to save in the longer term towards university fees, and so on. Now the rug has been pulled suddenly for no particular reason. I am sure that the money that will be saved will not go towards childcare services or whatever. It is a nebulous saving that will disappear into the ether. I presume that it will go somewhere, but it will certainly not go towards

helping children or people on low incomes.

Mr Pollock:

It was one of the measures that was deemed unaffordable in the new Budget.

Mr Brady:

Plenty of other things that we disagree with seem to be affordable, and yet that scheme, which people saw as positive, has gone without any reasons being offered. It is wielding power in a draconian, arbitrary way, and the Government are saying that it was good at the time but, suddenly, they cannot afford it. I assume that the Labour Government, who, presumably, introduced the scheme, analysed how the finances would work.

Mr Pollock:

A few pilots were carried out in the early part of the decade. I do not think that there were any definitive conclusions about how successful it was. There were particular concerns about low uptake from providers. There was an administrative cost to providers in the operation of the saving gateway accounts because banks had to pay out premiums and claim them back from the Treasury. There was a fairly slow and low take-up in that respect, so perhaps that added to the —

Mr Brady:

The banks are to blame yet again.

The Deputy Chairperson:

How will the health and pregnancy grant be repealed here? Were those grants ever paid?

Mr Pollock:

Health and pregnancy grants have been paid. We do not have figures for Northern Ireland, but that would have been taken through the Committee for Health, Social Services and Public Safety. A legislative consent motion would be required to take that through.

The Deputy Chairperson:

Who operates the child trust fund?

Mr Pollock:

HM Revenue and Customs.

The Deputy Chairperson:

Is that because it is an excepted matter?

Mr Pollock:

Yes.

Mr Easton:

The scheme came into operation only in 2009. Did many people take it out?

Mr Pollock:

It has never been —

Mr Easton:

Therefore, nobody will suffer as a result of the scheme's withdrawal?

Mr Pollock:

No.

Ms Lo:

Is there any estimation of how much money was wasted on setting up the scheme and scrapping it within two years? There must have been money at the beginning to set it up. It is such a waste, as Mickey said. Had they thought about whether they could afford it?

Mr Brady:

Their logic is that if people never had it, they will never miss it. *[Inaudible due to mobile phone interference.]* That is not the issue. The issue is that, potentially, it is a very good scheme.

Mr Pollock:

In theory, it is a very good scheme. At the minute, however, it is deemed unaffordable. The word that we get from Westminster is that it will be unaffordable at least during the lifetime of the current Parliament and possibly beyond. Costs will have been incurred in the setting up of the scheme, but costs are incurred in the development of any policy. The administrative costs, particularly in respect of the element that we are talking about and with which the legislative consent motion is concerned — the gateway savings account — would have been incurred by the providers had the scheme been rolled out. They would have had to administer it and, as I said, pay the premium to the savers after the two-year maturity period and claim that back from the Treasury. However, that has not happened. Costs would, therefore, have been incurred, but they would not necessarily have been expensive.

Mr Brady:

It would not have cost the administrators anything, because they could have claimed it back. The only possible difficulty for them would have been a slight delay. However, they would not have lost out.

Mr Pollock:

Like everything else, there was an incentive for providers, be they banks or financial institutions, because they wanted to broaden their customer base. The take-up was perceived to be low because providers did not think that the client groups that we were targeting for certain benefits were necessarily the client base into which they wanted to expand. There would have been pros for the providers, because even if only one extra customer came through the door, it would have been an extra customer.

Mr Brady:

We are really talking about financial snobbery and elitism.

Mrs M Bradley:

Michael, have you any idea how many people used the scheme in this area?

Mr Craig:

Nobody used it.

Mr Pollock:

It has not been implemented, because it was never started.

Mrs M Bradley:

Has it definitely never been started here? Did only pilot schemes take place?

Mr Pollock:

In the early 2000s, there were pilot schemes in the UK in only a few areas: Cambridge, Hull, Cumbria, Manchester and east London.

Mrs M Bradley:

Were we never given the opportunity here?

Mr Pollock:

It has not been rolled out in England or in any other parts of the UK.

Mr Brady:

Is it possible to get information on the pilot schemes?

Mr Pollock:

We will certainly see whether we can get that.

The Deputy Chairperson:

At least we established that of the two other issues raised, one is an excepted matter and the other is of more relevance to the Health Committee.

The Committee Clerk will go through what the Committee is being asked to agree to.

The Committee Clerk:

The Committee is being asked to agree whether it is content to support a legislative consent

motion in the Assembly to allow Westminster to legislate on devolved provisions, which are on the removal of only the saving gateway account scheme and issues round information sharing in which the Department is involved. That is purely what the Committee is being asked to do.

The Deputy Chairperson:

Was the rest of the information just fluff? *[Laughter.]*

Mr Pollock:

I could not possibly comment.

The Deputy Chairperson:

Are members content to agree to the legislative consent motion?

Members indicated assent.

The Committee Clerk:

What happens next is that the Committee will produce a short report on its deliberations about the matter, and that will go on the website as soon as possible. I anticipate that the motion will be put down —

Mr Pollock:

The motion is tabled for debate in the Assembly. On which date will it be debated, Marion?

Ms Marion McKay (Department for Social Development):

It is tabled for debate in the Executive next Thursday and in the Assembly on 14 December.

Mr Pollock:

An Executive paper is being circulated about that.

The Deputy Chairperson:

I imagine that the Chairperson will be speaking in that debate. I have just nominated him in his absence, but that is what happens when someone goes off somewhere.

Thank you very much.