

Vol. 762
No. 15



Wednesday
17 June 2015

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

Questions	
Climate Change	1153
Pesticides: Neonicotinoids	1156
Drugs: Cannabis	1158
Communications Data	1161
Deputy Chairmen of Committees	
Built Environment Committee	
Statutory Instruments Committee	
Consolidation etc. Bills Committee	
<i>Membership Motions</i>	1163
North of England: Transport	
<i>Motion to Take Note</i>	1164
Defence: Budget	
<i>Question for Short Debate</i>	1215

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
Con Ind	Conservative Independent
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Lab	Labour
Lab Ind	Labour Independent
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Wednesday, 17 June 2015.

3 pm

Prayers—read by the Lord Bishop of Birmingham.

Oaths and Affirmations

3.05 pm

Lord Ezra made the solemn affirmation and Lord Browne of Ladyton took the oath, and signed an undertaking to abide by the Code of Conduct.

Climate Change

Question

3.07 pm

Asked by Baroness Worthington

To ask Her Majesty's Government what action they are taking to address the risk of climate change.

The Parliamentary Under-Secretary of State, Department of Energy and Climate Change and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, first, I pay tribute to the noble Baroness for her work on the ground-breaking Climate Change Act. We are determined to meet our commitments under this Act and cut emissions by 80% by 2050. I am pleased to affirm that commitment today, particularly given that it is a day of action for the Speak Up For The Love Of campaign. We are also working to secure an ambitious global deal in Paris this year that sends vital signals to communities, businesses, investors and people around the world that Governments are committed to a global low-carbon economy.

Baroness Worthington (Lab): My Lords, I thank the Minister for his comments. On 14 February, the leaders of the three main political parties, prompted by the For The Love Of campaign, which has also organised today's mass lobby, made three clear pledges on climate change: to win an ambitious deal in Paris, to which the Minister referred; to work together to agree carbon budgets; and to phase out unabated coal in electricity. Much has changed since then, including which parties we might now consider to be the main three, but the need to tackle climate change remains. Can the Minister confirm that the Conservative Government remain committed to these three pledges, and can he provide details of what his department is doing to implement the other two that he has not mentioned?

Lord Bourne of Aberystwyth: I thank the noble Baroness for that. As she will know, unabated coal is likely to represent just 1% of emissions by 2025. The Prime Minister and the Secretary of State, Amber Rudd, are very committed to the whole agenda, and we are certainly fully committed to those three goals.

Lord Howell of Guildford (Con): My Lords, what the noble Baroness, Lady Worthington, says is extremely important, and indeed her work is very important; nevertheless, does my noble friend accept that the present policies of working towards decarbonisation in Europe and in this country are not working very well? Some of our energy prices are almost the highest in the world—certainly in Europe. Furthermore, coal-burning in this country is at a very high level and is increasing in many European countries, which is the very opposite of what is supposed to be happening. Can my noble friend assure us that the policy will be adjusted to make more progress on this front? We seem to be going backwards rather than forwards, particularly in respect of coal.

Lord Bourne of Aberystwyth: My noble friend makes a serious point in relation to Europe in general. With regard to the United Kingdom, we are on target for decarbonising and are decarbonising at the expected rate. It is true to say that obviously we need to keep a watch on external factors, but it remains the case that unabated coal is scheduled to represent 1% of electricity generation by 2025. That is the goal and we are very much on target for that.

Lord Purvis of Tweed (LD): My Lords, it is the case that the Conservative manifesto said that the Government would simply continue adhering to the Climate Change Act. However, does the Minister agree that that should now be the starting point, not the destination, and that we will need to go further—to meet a binding target to decarbonise Britain by 2050? Would he also agree that a practical step to assist in that would be to greatly expand the remit and breadth of the Green Investment Bank, a really pioneering development of the previous Administration based in Edinburgh?

Lord Bourne of Aberystwyth: The noble Lord is right in that we do need ambition in this regard. We are encouraging more ambitious targets through Europe. Of course we are working with Europe on a reduction of at least 40% by 2030 based on a 1990 baseline—that remains the case. But, yes, we do need to take account of the fact that there is a massive challenge to keep inside the 2 degrees increase in temperatures over the period that we are looking at.

Viscount Hanworth (Lab): What steps are the Government taking to sustain and enhance our competence in nuclear engineering, as indeed they have been encouraged to do in several recent reports?

Lord Bourne of Aberystwyth: The noble Viscount will be aware that we are very much on target for bringing on Hinkley Point C by 2023. After that, there are other nuclear generators that should be brought on, such as Sizewell. The noble Viscount is right that it remains very much an important part of the mix. We are working with EDF, taking account of what is happening in France and Finland, for example, to make sure that we deliver something that is entirely safe and contributes to a vital part of our energy supply.

Viscount Ridley (Con): My Lords—

Lord Deben (Con): My Lords—

Baroness Jones of Moulsecoomb (GP): My Lords—

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): My Lords, this is clearly a topical Question that everybody wants to get in on. The House seems to be calling for my noble friend Lord Ridley, and then we should perhaps hear from the noble Baroness, Lady Jones.

Viscount Ridley: My Lords, given that global warming has been much slower over the past 30 years than what 95% of the IPCC models had forecast, and given that 14 peer-reviewed papers published since 2011 find that climate sensitivity to carbon dioxide is much lower than the 3 degrees assumed by the Government's climate impact models, what is the Minister's preferred estimate of climate sensitivity? Does he agree that the best scientific evidence now suggests that it will be 100 years before we hit the 2 degrees threshold and that perhaps there are other more urgent humanitarian and environmental priorities?

Lord Bourne of Aberystwyth: I find myself in total disagreement with the noble Viscount. The scientific evidence is overwhelming that this is a very, very serious issue and we do need to address it. The consequences if we do not are dire.

Baroness Jones of Moulsecoomb: My Lords—

Lord Cunningham of Felling (Lab): My Lords—

Lord Taverne (LD): My Lords—

Baroness Stowell of Beeston: My Lords, this is not going to work unless we all try to follow the conventions that we are all accustomed to. I indicated before that it seemed that the House was asking for the noble Baroness, Lady Jones, to have an opportunity to ask a question. Then, we will see what time we have left as to where we go next.

Baroness Jones of Moulsecoomb: Thank you.

My Lords, is the Minister aware that, should other countries such as Norway divest themselves of fossil fuel investments, the London Stock Exchange would be highly exposed because we carry something like 19% of the global carbon budget? Are the Government thinking about stimulating the green economy, for example, through PFI contracts or similar public service contracts?

Lord Bourne of Aberystwyth: The noble Baroness will be aware that the green economy is growing and, at the same time, there is a lowering of the carbon economy within the United Kingdom. This is a very favourable sign, which exhibits the point made by Sir Nicholas Stern and his committee. Clearly,

many businesses have signed up to the importance of tackling climate change, as the noble Baroness will be aware.

Lord Deben: Does my noble friend accept that the largest problem is that the Government have no plans for continuing the advantages for renewable energy and the like after 2020? We need to have clear pathways as quickly as possible because, unlike my noble friend, I think the science shows that we will reach 2 degrees much more quickly than he suggests.

Lord Bourne of Aberystwyth: I agree that there is an urgent need to look at the renewables programme. My noble friend will be aware that there is a new department and that we are all in new roles, but we are looking at the issue urgently.

Pesticides: Neonicotinoids *Question*

3.15 pm

Asked by The Countess of Mar

To ask Her Majesty's Government whether they intend to lift the moratorium on the use of neonicotinoid pesticides for agricultural crops.

Lord Gardiner of Kimble (Con): My Lords, the Government have fully implemented the EU restrictions on three neonicotinoid pesticides. The European Commission has just begun a review of the science underlying these restrictions and has invited submissions of evidence by the end of September. Defra and the Health and Safety Executive will participate fully in this review. We firmly believe that decisions on these issues should be based upon the best possible scientific assessment of risk.

The Countess of Mar (CB): My Lords, the noble Lord is probably aware that neonicotinoids last a long time in the soil and are found in ponds and streams. A group of 30 scientists reviewed more than 800 papers recently and their conclusions, published in the journal *Environmental Science and Pollution Research*, were that:

"The combination of prophylactic use, persistence, mobility, systemic properties and chronic toxicity [of neonicotinoids] is predicted to result in substantial impacts on biodiversity and ecosystem functioning".

Will he and his officials bear that in mind when they go to Europe?

Lord Gardiner of Kimble: My Lords, I am grateful to the noble Countess for that question. Certainly, decisions are kept under review and the Government consider all scientific evidence. As I said earlier, the EU is inviting submissions of evidence and I advise that any of the studies to which she refers should do exactly that.

Lord Pearson of Rannoch (UKIP): My Lords, should we not be allowed to decide this sort of thing for ourselves? Since we cannot, why did the Government

fail to vote against it in the Council of Ministers? In the resultant absence of a qualified majority in the Council, will they appeal it in December, or will they allow the Commission to pursue it in spite of the latter's usual third-rate scientific advice?

Lord Gardiner of Kimble: My Lords, perhaps it would be helpful to the noble Lord if I went through, very briskly, what is required. Pesticides are approved at EU level if they meet safety requirements. The United Kingdom is responsible for authorising products containing approved active substances. I assure your Lordships that both the Health and Safety Executive and the independent UK Expert Committee on Pesticides look at these matters extremely carefully.

Lord Grantchester (Lab): I declare my interest as a farmer in Cheshire. I congratulate the noble Lord and welcome him to his new position. While the Government may dispute the scientific evidence of the ban on neonicotinoid pesticides, nevertheless they should support the precautionary principle. Reports claim that the National Farmers' Union, in calling for a temporary emergency derogation, has not provided the Government with scientific evidence. Have the Government asked for this evidence? Will they insist on evidence being provided? How do they answer that any derogation will invalidate the large-scale field trials necessary to provide that evidence?

Lord Gardiner of Kimble: My Lords, I thank the noble Lord for his typically generous remarks. An application is being considered by the Health and Safety Executive and the independent UK Expert Committee on Pesticides. It will then be for those opinions to come before Ministers.

Baroness Parminter (LD): My Lords, the recent Swedish field trial on rape seed treated with neonicotinoids showed a decline in both wild bees and bumblebee colonies. Does the Minister agree with the Government's own Chief Scientific Adviser, who on 14 May called the trial,

“an important contribution to the evidence base”,
against neonicotinoids?

Lord Gardiner of Kimble: My Lords, as I hope I have impressed upon your Lordships, the decisions made here and in Europe need to be made on the best scientific assessment of risk. Only last November we published the *National Pollinator Strategy*, which is precisely designed to improve the situation for our 1,500 pollinating insect species. These pollinators are absolutely vital to our food production.

Baroness Corston (Lab): Following the question put by the noble Baroness, Lady Parminter, can the Minister confirm that not a single beekeeping organisation in this country is in favour of lifting the ban? Beekeepers of my acquaintance all say the same thing: that neonicotinoids are extremely damaging to bee colonies, and that if our bees die and thus stop pollinating we will die too.

Lord Gardiner of Kimble: My Lords, the background to and reason for the restrictions on the three neonicotinoids is precisely because of the risk assessment that was made about bees. Obviously the EU, after two years, is bringing together all the scientific evidence available so that the issue can be looked at in a thorough manner.

Viscount Ridley (Con): My Lords, can my noble friend confirm that since neonicotinoids were introduced honey-bee numbers have gone up, not down?

Lord Gardiner of Kimble: My Lords, I do not have the exact figures. While neonicotinoids are extremely effective in dealing with plants, they are considered much more toxic to insects than to humans and mammals. This is why the decision was made and the UK decided to go along with it, and why it is now being reviewed.

Lord Rooker (Lab): Is the Minister satisfied that the EU is basing its decisions on science? Over the past two or three years, it has made some decisions that have affected our agricultural production that have gone flatly against what we do based on science. One of the first things the new President did, of course, was to get rid of the independent chief scientific adviser.

Lord Gardiner of Kimble: Our position in this country is that, for us to be secure, all these matters must be undertaken on the basis of the best scientific evidence available, and that is what we intend to do.

Drugs: Cannabis *Question*

3.23 pm

Asked by Baroness Meacher

To ask Her Majesty's Government whether they have any plans to reschedule cannabis from Schedule 1 to Schedule 2 to the Misuse of Drugs Regulations 2001 to enable its use for medicinal purposes.

The Minister of State, Home Office (Lord Bates) (Con): My Lords, the Government have no plans to reschedule cannabis. There is clear scientific evidence that cannabis is a harmful drug which can damage people's mental and physical health, and which can have a pernicious effect upon communities. We will not undermine our continuing efforts to reduce drug harms or circumvent the regulatory process by which drugs are assessed by the Medicines and Healthcare Products Regulatory Agency for their safety and efficacy as medicines.

Baroness Meacher (CB): My Lords, nine European countries, including Germany and Italy, as well as many other countries across the world, provide access to medicinal cannabis for patients who really need it, while some 30,000 people in this country risk a criminal record in order to take medicines based on cannabis that they need to alleviate their pain and suffering. Will the Minister agree to look at and consider the

[BARONESS MEACHER]

human rights aspect of UK policy, and will he make the findings of that assessment available to your Lordships in the Library?

Lord Bates: The noble Baroness has a long-held position on these issues in terms of her role in the All-Party Parliamentary Group for Drug Policy Reform. Obviously that is a respectable position but it is not one that is shared by the Advisory Council on the Misuse of Drugs, which advises the Home Office on drugs misuse. The council's view is that the case is not made. Where there are derivatives from cannabis, as has recently been the case, applications can be made to the Medicines and Healthcare Products Regulatory Agency. In fact, in one particular case, which is that of Sativex, the licence to market has actually been granted.

Lord Walton of Detchant (CB): Is the Minister aware that, in 2000, your Lordships' Select Committee on Science and Technology, of which I was then a member, conducted a major investigation into the potential medical benefits of cannabis preparations and cannabis itself. We were satisfied that smoking cannabis was just as dangerous in causing cancer as smoking tobacco, if not more so. Nevertheless, we received substantial anecdotal evidence of benefits from cannabis ingestion in a variety of medical conditions. Subsequently, a company called GW Pharmaceuticals produced a wholly standardised cannabis-based preparation. That was subjected to some very convincing clinical trials which led to it being licensed by the MHRA in 2010 for the treatment of spasms and spasticity in multiple sclerosis. That is now the case, but the evidence is growing that various cannabinoids may also be of benefit. Would not the reschedule recommended by my noble friend Lady Meacher help to expedite additional trials and lead to the beneficial effects of cannabis being more available for medical conditions?

Lord Bates: The noble Lord is absolutely right in tracing this back to a long debate in the Select Committee, the work of which I pay tribute to. That was, of course, taken into account in the MHRA's decision. Should there be new drugs of this classification which have proven benefits for patients, they should, of course, make an application and undergo clinical trials in the same way.

Lord Ribeiro (Con): My Lords, although I do not accept the need to legislate for cannabis, the evidence from America—particularly from Colorado, which has recently legislated for its use—shows that the use of medical marijuana may well be of benefit to soldiers and veterans who suffer from post-traumatic stress disorders, and nightmares in particular. If the evidence proves to be robust, there is a case for clinical trials to be undertaken in this country to see if that actually is of benefit because we have many troops who have come back from Afghanistan and suffer from these conditions.

Lord Bates: My noble friend and other noble Lords are experts in the medical world, and I am realising very quickly that the problem is that there are many

different types of medical research and science, some bits of which are contradictory. For example, the Institute of Psychiatry and Cancer Research have taken a different view on this. That is why we need to have a process which clearly and openly evaluates the introduction of these drugs, primarily to ensure that people are kept safe.

Lord Howarth of Newport (Lab): My Lords, in continuing to list cannabis in Schedule 1, on the basis that it is a drug of extremely limited medicinal value, are the Government not flying in the face of much academic and expert medical opinion, contrary to the principle of basing policy on scientific evidence just enunciated by his noble friend Lord Gardiner of Kimble? Why should patients who have been prescribed a cannabis-based medication, because nothing else relieves their chronic pain so effectively, be obliged to make repeated trips—at heavy cost in cash, stress and fatigue—to Holland to collect it, when under a sensible and humane regime they would be able to pick it up at a local pharmacy in their own country?

Lord Bates: Part of the argument here is that one of the reasons why Sativex is not widely prescribed, although it has been licensed for marketing, is that general practitioners believe that there are other drugs which are more effective in tackling the issues it is meant to deal with. That is a point for debate, but we are acting on the advice of the Advisory Council on the Misuse of Drugs and abiding by the decisions of the Medicines and Healthcare Products Regulatory Agency. It would be a derogation of duty for the Government to do anything other than that.

Lord Paddick (LD): My Lords, will the Minister please confirm that the drug he mentioned in answer to a previous Question is no longer approved by NICE? Does he agree that it is slightly disingenuous of him to suggest that a cannabis-based product is widely available in this country?

Lord Bates: It is not that the drug is no longer approved; it was never approved by NICE. It has been licensed for marketing and is available on private prescription in England. In Wales, it is available on prescription. People are still evaluating its performance. NICE's view was that alternatives are available which are more cost effective and more effective in their treatment outcomes. That is a decision for it.

Lord Dubs (Lab): My Lords, is it not the case that some people suffering from MS who feel that they have a need for cannabis can manage only to get skunk—which is pretty dangerous—through their own means? Would it not be better if people suffering from MS had access to a safer form of cannabis, such as is suggested in the Question, rather than having to resort to the stuff that is more easily available?

Lord Bates: That is the case. Where safer drugs are available, a licence should be applied for from the Medicine and Healthcare Products Regulatory Agency. If they are safe and effective, they will be licensed for use in the UK.

Communications Data

Question

3.31 pm

Asked by **Lord Clinton-Davis**

To ask Her Majesty's Government what consultations they have had with law enforcement agencies and communications companies regarding their proposals to reform the law relating to communications data.

The Minister of State, Home Office (Lord Bates) (Con): My Lords, the Government have regular discussions with law enforcement agencies and communications service providers. As was made clear when the report into investigatory powers by David Anderson QC was published, the Government are considering his recommendations carefully and will consult widely with all those affected.

Lord Clinton-Davis (Lab): Is it the intention of the Government to consult police officers, which they fail to do at present? Is not the Home Secretary determined to steamroller her so-called snoopers' charter through Parliament? According to a former leader of the Association of Chief Police Officers, there has been next to no consultation so far with the police. He described the situation as "open warfare". Is that not highly dangerous, extraordinary and unprecedented?

Lord Bates: If that were the case, it certainly would be; but my day-to-day experience in the House of Lords is that that could not be further from what is actually happening. We are not steamrolling any legislation through; in fact, we are going through an exhaustive process. David Anderson has taken a year to produce his report. In the mean time, we have had the Intelligence and Security Committee's detailed report, and we are awaiting a RUSI report. We have had Sir Nigel Sheinwald's report to the Prime Minister, and we have pledged that there will be pre-legislative scrutiny. If that is a steamroller, I am not quite sure what some of the other legislative processes are.

Lord King of Bridgwater (Con): We discussed these matters in the previous Parliament at some length in connection with the counterterrorism Bill, and the urgency and importance of the issue—that our defences are seriously at risk—was recognised by the Home Secretary and the shadow Home Secretary. New means of communication—the internet, telephony and others—that are outside our present reach can be used by terrorists in particular. These are matters of some urgency. While I certainly do not think that the Government can be remotely accused of steamrolling, the Bill in question has already been produced in draft and been subject to pre-legislative scrutiny. My concern is: how long are we going to take before we take the steps, agreed on both sides of the House in previous debates, which are very necessary for the defence of our country?

Lord Bates: My noble friend is absolutely right. He helpfully mentions previous consideration of the counterterrorism and security legislation as it went through this House. We, the Conservative part of the coalition, very much wanted to introduce the Communications Data Bill, but what has been announced in the Queen's Speech goes wider than that. It includes communications data but also looks at the regulatory regime and is built around investigatory powers, bringing us more up to date with the threats we face and, therefore, the capabilities that our people need.

Lord Reid of Cardowan (Lab): Does the Minister accept that, with all the scrutiny this has rightly been given, we are considering not just a matter of law—though it is that—but a matter of political judgment about political circumstances and political threats, not least terrorist threats? Will everything possible therefore be done to ensure that the crucial interventions are retained within the ambit of politicians who are ultimately accountable to this Parliament, and not merely avoided by putting them out to judges without a political intervention?

Lord Bates: Obviously, the noble Lord speaks with great experience. I think that he was Home Secretary at the time of the 9/11 attacks and is personally aware of the challenges we face in that area. The Anderson review raised the issue of the relationship between the Executive and the judiciary. A number of comments were made about the decisions that had been taken and about the risk if things go wrong being a political risk, saying that the decisions therefore ought to follow that process. That is a view that David Anderson expressed and which we are considering, but the Intelligence and Security Committee took a different view. We will evaluate the issue and come forward with recommendations.

Lord Blair of Boughton (CB): My Lords, I wonder if I could ask the Minister to return to what the noble Lord, Lord Clinton-Davis, said: that the newspaper report said that the Home Office was not consulting senior police officers about the Communications Data Bill, as was, and which is now coming into the House. I ask the Minister to refute that suggestion; the department must be consulting senior police officers.

Lord Bates: I will be as brief as I can. There is a specific issue here, in that, during the previous coalition Government, our coalition partners took a different view—I mean no detriment—so there was no clear government position on which to consult. That has changed. There is a very clear government view now that we need this, and fast.

Lord Strasburger (LD): My Lords, there are half a dozen or so civil liberties organisations that could greatly assist the Government in coming up with a balanced investigatory powers Bill. Which civil liberties organisations have the Government consulted?

Lord Bates: They will have the same opportunity as anybody else to participate in the consultation process. There is also a statutory code of practice that has been

[LORD BATES] introduced, and we are open to consultations. We will listen to them but I have to say that at present, when you see the threats that are faced by this country, I am going to listen more to the people who are actually trying to protect us and keep us safe.

Lord Tebbit (Con): My Lords, when people come to my noble friend and talk about their human right to communicate in secret, will he advise them that the most important human right is to life? Those of us who have been affected by terrorism remember that. I would not wish others to be needlessly affected in the same way.

Lord Bates: My noble friend is absolutely right, and obviously he has deep personal experience of this. There can be no enjoyment of rights without security first, and security is of paramount concern to us. I had an opportunity just last week to visit GCHQ and see for myself the work that was going on there. The people there are dedicated professionals who are working against a fast-moving and intensifying threat. They were asking for the powers to be able to keep us safe, not just from terrorism but from serious and organised crime and from child sexual exploitation. This is a very serious matter and we must make sure that we give people the tools to do the job.

Deputy Chairmen of Committees

Built Environment Committee

Statutory Instruments Committee

Consolidation etc. Bills Committee

Membership Motions

3.39 pm

Moved by The Chairman of Committees

Deputy Chairmen of Committees

That Baroness Garden of Frognaal be appointed a member of the panel of Deputy Chairmen of Committees.

Built Environment

That Lord Clement-Jones, Lord Inglewood and Baroness Rawlings be appointed members of the Select Committee.

Motions agreed

Statutory Instruments

In accordance with Standing Order 73 and the resolution of the House of 16 December 1997, that, as proposed by the Committee of Selection, the following members be appointed to join with a Committee of the Commons as the Joint Committee on Statutory Instruments:

B Humphreys, L Lexden, L Mackay of Drumadoon, B Mallalieu, B Meacher, L Rowlands, L Sherbourne of Didsbury;

That the Committee have power to send for persons, papers and records.

Consolidation etc. Bills

In accordance with Standing Order 51, that, as proposed by the Committee of Selection, the following Lords be appointed to join with a Committee of the Commons as the Joint Committee on Consolidation etc. Bills:

L Armstrong of Ilminster, V Bridgeman, L Carswell (*Chairman*), L Christopher, L Eames, V Eccles, V Hanworth, B Mallalieu, L Razzall, B Seccombe, B Thomas of Winchester;

That the Committee have power to send for persons, papers and records.

Motions agreed, and a message was sent to the Commons.

North of England: Transport

Motion to Take Note

3.39 pm

Moved by Lord Ahmad of Wimbledon

To move that this House takes note of transport connectivity and infrastructure in the north of England.

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con): My Lords, I am delighted to lead this debate—the first substantive Lords debate on transport in this Parliament—for it concerns a matter of great importance to our country: the regeneration of the north, the rebalancing of our economic geography and the role of transport in stimulating growth. I look forward to hearing contributions from noble Lords on this, which I know will be, as ever, informed and insightful. I am very grateful to all noble Lords who are participating in the debate.

Britain is flourishing once again. Today we have more people in employment than at any time in our history. The deficit has been halved and we are on track to be the fastest-growing major economy in the world in 2015, just as we were last year. Any Government would be proud of these achievements, but we also recognise that our job is far from over. As our manifesto explained, the Government's ambitions go much further than simply turning recession into recovery. The headline GDP figures are hugely encouraging, but the challenge now is how we grow and how we sustain and balance growth so that everyone can share in the benefits. The fact is that for generations Britain has been a two-speed economy, with a distinct prosperity divide between the north and the south. Yet we have it in our power to close that gap and to do something that no post-war Government has done—to build a new northern powerhouse and to bring our country closer together, with transport playing a pivotal role in the process.

It is two centuries since the north helped pioneer new manufacturing processes, which triggered the Industrial Revolution. But that did not just change the way we made goods: it changed the way we transported them, too. Canals and railways gave the north a competitive advantage. Within a week of the first canal opening, the price of coal in Manchester had fallen by half. Transport opened up new labour markets and gave companies access to new customers, just as it does today. Roads and railways are the arteries through which the life-blood of our economy flows. Yet for decades, transport investment in the north has lagged behind London and the south-east. Successive Governments have failed to provide the vision—or, indeed, the funding—needed to bring the north's infrastructure up to standard.

I recognise that many in this House who will take part in the debate have made great contributions to tackling this very challenge. I acknowledge the efforts made by the noble Lord, Lord Prescott, who initiated the Northern Way in 2004, and the strong case that he has made for transport connectivity across the north. I also acknowledge my noble friend Lord Heseltine, who has been a passionate advocate for devolution and direct action to regenerate the north—and there are many others.

The northern powerhouse, which has been made a priority for this Government, recognises that the north remains poorly served by transport. As a result, lack of capacity and poor connectivity across the north act as a drag on growth. That is something that we have to change and are changing. Just as transport created the first northern powerhouse, so it will create the second one, too. We are already committed to £13 billion of transport investment across the north in this Parliament alone. That will include improving roads, rail and local transport.

Most importantly, it will also link the cities of the north. As my right honourable friend the Chancellor of the Exchequer pointed out, if you look at all the great cities and towns within a 40-mile radius of Manchester, you have a region with incredible potential and a huge pool of talent. United as a single unit, this region can be a much more powerful economic force—one that, in turn, will benefit not just that region but the whole country. A network of cities connected by a modern transport system, which acts as a catalyst for growth, aspiration and opportunity, making the whole greater than the sum of its parts: that is what the northern powerhouse is all about.

I will very briefly explain the progress that has been made on northern transport over the past year. Last summer, the Chancellor set out his vision for the northern powerhouse. In response, Manchester, Leeds, Liverpool, Newcastle and Sheffield came together to produce the *One North* report in August: a single transport plan for an interconnected north.

In October, HS2 chairman Sir David Higgins published his report *Rebalancing Britain*, and in the same month we created and established Transport for the North, a new alliance of northern authorities and city regions speaking as a single voice and working with government and national transport agencies such as Network Rail, Highways England and HS2. Transport for the North

is proof that we are serious about devolution and investing in our transport infrastructure. This is a transport programme for the north, delivered by the north.

In March this year, TfN and the Department for Transport jointly published the first *Northern Transport Strategy* report covering roads, rail, freight, airports and smart ticketing. A second report will be published next year. By the autumn, an independent chairman will have been appointed, based on a mechanism agreed with all TfN partners. So transport will be at the heart of the new northern powerhouse.

Rail is a particular priority. As I am sure we all recognise, rail is the most efficient and effective way to move large numbers of people quickly and reliably between cities, and is absolutely key to the future of the north. However, the network has been neglected for decades and overcrowding is a daily reality for commuters on routes into major cities such as Manchester, Leeds and Liverpool. Some trains are operating at more than 50% overcapacity, so the improvements we are making as part of the largest and most ambitious rail investment programme since the Victorian era are long overdue. For example, we are delivering the northern hub, a major electrification programme and new rolling stock on TransPennine routes and the east coast main line. Our plans will add capacity for another 44 million passengers a year on the existing northern railway, with an extra 700 trains running each day. TfN will work to maximise the benefits of these investments.

In just two years, we will start building HS2. HS2 will change the transport architecture of the north—but, most importantly, it will also change the economic architecture. Seven out of 10 jobs created will be outside London, with the north and Midlands gaining at least double the benefits of the south. We are looking at the case for faster construction of the northern sections to deliver those benefits as soon as possible, including a dedicated Bill for the line to Crewe, subject to further analysis and final decisions on the preferred route. Sir David Higgins has suggested that such a link might be brought forward by six years. We are also looking at the potential for speeding up the line between Leeds and Sheffield. We will make an announcement about phase 2 in the autumn. As the first new north-south railway for more than a century, HS2 will dramatically improve connections across the north and, importantly, will slash journey times. For example, the trip from Leeds to Birmingham will be cut from one hour and 58 minutes to just 57 minutes.

However, our plans for northern rail do not stop there. To transform services right across the region we also need to build a new east-west line. Currently, journeys on these routes are too slow, too infrequent and too overcrowded. This simply puts people off travelling and puts businesses off investing in the north, so our strategy includes a new high-speed rail link linking Liverpool, Manchester, Leeds, Sheffield and Hull. This line will reduce journey times, increase capacity, have more frequent services and improve connectivity. Together, these plans represent a massive step forward for transport in the north—and, of course, they will free up substantial capacity on the existing rail and road network.

[LORD AHMAD OF WIMBLEDON]

Improvements to the road infrastructure are crucial for the north. That is why the Government have already committed £3 billion for northern road improvements in our *Road Investment Strategy*. As with rail, east-west road connections are increasingly congested, making journeys unreliable, particularly in bad weather. The work of Transport for the North and Highways England will focus on how best to address this problem, with targeted investment to relieve pinch points and to get the network moving freely. We are already upgrading sections of the motorway network, including the M62 between Manchester and Leeds, to four-lane “smart motorways” to make best use of their capacity. We are also improving the A1, the M1 and the A64 and delivering a large number of local schemes.

This is a start, but it is not enough, so next we will look at the potential for a new road tunnel under the Pennines between Sheffield and Manchester, possibly linked with a new rail tunnel. We are also looking at the problems on the M60 and whether an alternative to the M62 lies further north, in dualling the A66 or A69. Our fundamental objective is to fix problem roads and to get traffic moving once again so that motorists are able to drive at a minimum speed of a mile a minute on the core network.

I turn briefly to aviation and freight. The strategy also includes developing northern airports such as Manchester, Newcastle, Leeds-Bradford and Liverpool. Manchester, as I am sure many noble Lords know, will benefit from a £1 billion investment plan over the next 10 years. It is vital that we link the region to fast-growing markets around the world such as China, India and Brazil, because these links will attract investors to the north. Road and rail connectivity to airports and ports is of particular importance, so we are working with TfN to boost the links to these international gateways. HS2 and the new east-west line will provide significantly improved access. Individual city regions are working with local airports to improve connectivity right across the north.

We also have a shared vision with TfN for freight to support the northern powerhouse. It is a single plan for the future of logistics across the north—and this is the first time that any Government have produced such a plan. The objective is to build a single distribution network that operates efficiently and sustainably across modal boundaries and that exploits the full potential of private investment around ports in the north such as Liverpool, Humber and Tyne.

Today is—and the next few years will be—a tremendously exciting time for transport in the north: we are rolling out the road investment strategy; the HS2 Bill is making progress through Parliament and we are continuing development work on phase 2; we are pressing ahead with plans for the new high-speed, east-west railway; and TfN is uniting different authorities, city regions and the transport industry to deliver a single vision for transport in the north. Some may say that it is an ambitious plan that will take time to implement—but, as I am sure all noble Lords recognise, the prize at the end will be worth it. We look to establish and sustain a modern, reliable transport system to support and provide a boost for the region in terms of employment and related growth for generations to

come, and to truly establish the north as an economic powerhouse that will not just be for the region alone but will have global reach.

3.52 pm

Lord Prescott (Lab): My Lords, I am grateful for the opportunity to speak in this debate about transport connectivity in the north. The analysis that the Minister gave us is one that has, quite frankly, been around through two or three Governments—the argument is now about getting on with the job, which is what the Minister intends to do. This follows on from the debate last week when we talked about governance and about local organisations and combined authorities making the decisions. Today is about transport infrastructure. They are two sides of the same coin and are both absolutely essential if we are to achieve growth and prosperity in the north—I welcome that opportunity. I have to say to the Minister that when he said that this was an historic moment—similarly to the noble Lord, Lord Heseltine, who spoke last week and was an architect of much of this good work in the present—I think that he was 10 years out of date.

From the analysis of the last Labour Government, I was able to produce a report called *The Northern Way*. It was a government report—it will be in the Minister’s department if he looks back through its history. He will see that the analysis was the same and that it produced a government policy, a transport policy and a local government connectivity policy, all in that period before our Government went out. But it was his Government and his department that scrapped it all—they scrapped the regional development agencies and they scrapped the reports that acted on the very analysis that the Minister has given in his statement today. It is essential that we act. Let me make it clear—I do not care whether you call it the northern way or the northern powerhouse, as long as we get on and do it. It is desperately needed in the north and has been wanted for a long time.

It is interesting that the northern powerhouse involves the same politicians I brought together to produce the northern way 10 years earlier, but that is part of the politics of the past. I am delighted that the Government and the Minister’s department have done a U-turn. It was his department that was against all these developments in the past and now it has done exactly the opposite. I wrote to the Chancellor saying, “You are a northern MP, don’t you think you should be doing something?” and then we got the northern powerhouse statement. I welcome it. It is a conversion for the Tories but I do not really mind as long as we get on with the job—transport from one area to another, the roads, rail and airports.

The Minister gave a little recognition to Hull—once. On seaports there was no mention whatever—I will come to that later—but, when it comes to airports, for the Government the north seems to stop at Leeds. They are stuck on top of the Pennines. They do not go anywhere to the rest of the country. If you are talking about the north, you had better start talking about East Yorkshire and North Yorkshire—they are the areas that need to be in it. The real problem with connecting local authority structures and combined

authorities is that they are the ones that make the decisions and their planning authority does not go beyond Leeds. Okay, it stretches a little bit up to Newcastle but that is always on the tail-end of this analysis. But basically they are making the decisions so I am not surprised that there is no great mention of the A63 when, planned in the past, the motorway stops at the A63—10 miles short of Hull. When it comes to electrification, Hull is not mentioned except that the private company there that owns the trains, to its credit, is prepared to put some money in for the electrification but there is no money coming from the Government in those circumstances. We have to look beyond the Pennines in local government—and Hull has been denied the opportunity to be a combined authority, even though it produced a report in 2006 actually proposing that, but that is where we are at the moment.

The general conversion by the Government is welcome. They are putting their money where their mouth is. I would like to see how much money it is but let us get on with it and see what it is; it is on the way. I want to look at what the Minister referred to as the freight strategy. I think that is to be produced in 2016—next year. Therefore, I look forward to that. I hope it will take into account the trade that goes on between the big ports of the north. The big ports of the north are Hull in the east and Liverpool in the west. The traffic is of a global nature because most of the traffic coming in to Liverpool includes deepwater container ships. Where are the container ships coming from? When you look at the traffic flows, with the widening of the Panama Canal and the new trade agreements now being reached between the EU and America, which still have to be done, that will switch an awful lot of traffic from the Atlantic side over to the east as a way into Europe.

We are beginning to connect through those freight corridors major growth from the Atlantic side to the new international trade—the growth economies over in the east—so we are beginning to develop a route to Hull. It is not just the idea that you need to have a land-bridge across Europe, looking simply in the context of Europe. It is not just connecting Ireland and the UK on the periphery of continental Europe. It is a land-bridge, yes, helping that trade, but it is going to be more. It is going to become a global highway. The traffic coming in from the Liverpool port will cross over to the major consumer continent in the world; namely, Europe. There is going to be a major flow.

If we are to have, as in the past—as the Minister recognised—the kind of growth and prosperity in the north that came from the old traditional routes around the world and the traffic that crossed over, we must make sure that not only rail, roads and aviation are in the transport document; important places are mentioned but East Yorkshire has been left out, but I will leave that aside. We must give higher priority to the corridors between the two major ports. We will find ourselves in the centre of the global growth—not just on the periphery of Europe—coming in from the Atlantic side and the major developments and investment taking place on Merseyside, over to the east where there has been major investment in renewal with Siemens developing the Hull port. We have a little part of the connection

between them but it is not put together. We have massive congestion in the middle of Hull because of Castle Street. In my time in government, I improved the Hedon Road concept. We took it there from the port, but as every politician knows, you might solve one problem but then the next one comes up: in this case it is Castle Street. I know the Government have agreed that they will try and get that done in time for Hull's tenure as UK City of Culture—that takes a bit of time to sink in, but there you are, it is what we have decided. We have connected with Liverpool, which was the European Capital of Culture, so perhaps this connection could be a corridor of culture right across the north, from Liverpool to Hull. After all, today, we have just had recognition from someone whose name I have forgotten—what can you do in those circumstances?

I want to finish on the following point. I attended a conference in Liverpool called by the European Commission—the Minister will know the Minister involved in that conference. The Commission is talking about the “motorways of the sea” concept: an integrated chain of connection and integrated transport systems across Europe. It has held three conferences, including one in Copenhagen and one in Venice. It is following the transport flows and trying to create an integrated system. That is a very good argument on the trans-European connections. The Commission's director-general, who was there, has invited Hull and Liverpool to get together to put forward their proposal. At the moment, there is a budget of about €1 billion to develop the route. We want to see this link between Liverpool and Hull—a crucial part of the corridor of trade—developed and would like to see whether that money could be used for it.

When does the Minister expect the integration conference to report? I hope he will make sure that it goes from one end of the north to the other and does not just stop part-way or get stuck in the Pennines. I look forward to what might be done and to the report coming out. Secondly, are we getting further news from the department about completing Castle Street and the A63? It is an essential part of any northern route, which should not just end short of the other port gateway. I would like to hear a response from the Minister to those two questions.

This is an exciting concept, and the north has been given a chance. It is a bit limited in some areas but it is going in the right direction and I hope the Minister can give us more information. I wish those who are making the decisions on investment well. There is public and private investment, with local government, national government and Europe involved. Out of that will come the amount of investment that is so necessary to develop this exciting prospect and which will offer the north a good opportunity, yet again, to develop, grow and provide the jobs built on trade that we had many years ago. We have another opportunity now, provided we get the infrastructure right.

4.02 pm

Lord Teverson (LD): My Lords, I regularly travel up from the south-west of England to Newcastle. I get on a cross-country train quite regularly that literally wanders through the area of the north of England that we are

[LORD TEVERSON]

talking about at the moment, through Sheffield, Wakefield, Westgate, Leeds, Doncaster, Darlington and Durham—if am lucky, in that order. One thing I am not subjected to is to have to make the trip on a Pacer train. I am sure that the commuters of the north will be very interested to hear from the Minister whether those Pacers have an unlimited lifespan under government plans for the north. We hope that they do not.

One of the other things about this debate—it was echoed by the noble Lord, Lord Prescott—is that there will probably be very little disagreement about the plan around the House. The report that this debate is based on was a coalition government report which was based on previous reports from previous Governments. The challenge is to move on. However, it is quite clear that there is a problem.

I looked at some figures from the LSE while preparing for this debate. We have looked at the so-called long boom of 1992 to 2007 and found that GVA growth in the south generally—which included the east Midlands but not the West Midlands—was 4.5% per annum. In London it was as high as 5.6%, but in the north it was down at 2.9%. Over that period, there has been a long divergence. Importantly, the metropolitan areas outside London provide only some 27% of English GVA, which is much less than equivalent cities elsewhere in Europe and European Union member states. There is an imbalance there. Quite strangely, and counterintuitively, although a large number of international companies locate themselves in London, if they do not locate there then they tend to locate in urban and even in rural areas rather than in England's other metropolitan areas. Traditionally, the metropolitan areas outside London have been low job creators and had lower productivity, so there is a need to mend that gap. In the old days we used to call it regional policy. That is what I called it as an economics student, but for some reason we do not like the phrase these days. It smacks too much of planning and all sorts of things that I suspect this Government would not particularly like.

The theme that I want to expand on is based on the optimistic assumption that this investment programme will go ahead. With the highways reorganisation and the fact that we have control plans for railways, there is certainly a much greater probability that these investments will take place. I want to look at the type of investment and how we might implement it. In terms of developing countries, we often talk about leapfrogging technologies in energy, telephony systems and IT. One of the important aspects of this investment in transport in the north is that we should try to leapfrog ahead of the current technologies. Reading through the plans at the moment, I am not sure that that is being sufficiently considered.

In Manchester, we already have the example of what is probably one of the best tram systems and networks in Europe, let alone the UK. We have HS2 heading for the north, a topic that I will come back to. I was very pleased to see the inclusion of smart information systems that are needed for transport systems to be successful in any region. Reading the report, however, we see that there is a huge amount to do in resolving legal contracts and conflicts in those systems. All that needs to be sorted out and will take

some time. Of course rail and interconnectivity are also talked about but, beyond that, there are some missing areas.

However good the rail system, cars and motor transport will continue to be important, particularly in a region that stretches over the distances we are talking about here. It seems that there is no discussion of clean-car technologies. In London, although provision is still poor, we have something like 850 charging points for electric vehicles, while the figure in Manchester is still in the 300s. The system in Paris, for example, has moved on from its equivalent of the “Boris bike” to an electric car-sharing service which was formed in 2011. It sounds pretty wacky and zany in many ways but it has in fact been remarkably successful, with 150,000 members, 4,000 charging points and something like 1,500 vehicles. Should we not look at testing, establishing and running a similar system in the northern powerhouse, rather than relying on old technologies? The company running the Paris system is starting to look at establishing itself in London, but let us move it abroad. The Government are investing something like £19 million in driverless vehicle research. This may be looking rather further ahead but I note that, of the four schemes planned for that research, none is in the north. Surely we should be encouraging that area of experimentation for future economic development.

I have not really seen anything mentioned about cycling. Clearly, very few people are going to cycle from Manchester to Leeds—it is challenging enough to cover the short distances involved where I live in Cornwall. However, the average proportion of travel done by cycle in English cities is 2%. We should be able to get that up to 10%. It is 25% in Holland, which is much flatter. As part of our road structure and planning in urban areas, surely we should take lessons from London and seek to physically separate cycle lanes from roads. Of course, there are pedestrians as well.

I was particularly pleased that the noble Lord, Lord Prescott, mentioned freight. I was in the freight industry for some 20 years, and it seems to me that that area is often left out. One area that was not mentioned was the Manchester Ship Canal, now owned by the Peel Group. Transport for the North has estimated that some 90% of containers are at the moment imported through southern ports, yet 60% of those are destined for the Midlands as well as the north. That is an incredibly stupid economic result and something that should not happen. The Manchester Ship Canal is very restricted in terms of the size of vessels, but is running at a capacity of 7% at the moment. I know that, as part of the Atlantic gateway project, ports are hoping to improve that, and I hope very much that the Manchester Ship Canal will be part of that freight solution, together with the developments that move along from there.

There are a number of areas where we should look forward to having a cleaner technology and a different solution in the north. I have one or two questions for the Minister. Clearly, inclusivity in the north is as important as it is in the south, and all the transport planning is around urban and metropolitan areas. I do not read anything about rural areas at all. Contrary to some of our images, the north has some of the most extensive area of rurality in England. What do we do

about that? How do we capture the benefit of those transport investments to make sure that we can bring further money back in to make sure that that process happens more quickly?

A *Daily Telegraph* article called “Capturing the value” in January estimated that the Crossrail project would put up house prices in Whitechapel by some 54% and in Woolwich by some 52%, with Bond Street being at the bottom of the queue in five years’ time. How will we capture those benefits to be able to bring them back into public infrastructure?

Lastly, investment is one thing—and the noble Lord, Lord Prescott, was right again in wanting to get on with that—but there is also the ongoing cost. London is often seen as the model for certain parts of the north, certainly for Greater Manchester; we have £3 billion-worth of public subsidy for Transport for London and a £400,000 per annum subsidy for London Buses. For what is expected to be a fiscally neutral solution in terms of combined authorities, how are we going to meet that annual requirement on subsidy, or avoid it, to make sure that the infrastructure works properly?

It is clearly the right thing to do. However, in terms of balance, it is worth reminding ourselves that Crossrail is being built at the moment in London at a cost of £15 billion, and the whole of the overground rolling stock in stations is being refurbished. Crossrail 2 is likely to cost £27 billion and the Northern Line extension £1 billion—and, of course, HS2, which will only get to the north in something like 2032, will cost £43 billion, much of that into the south-east. So, yes, we must have a northern powerhouse and narrow that gap, but there are many challenges to making it happen.

4.13 pm

The Lord Bishop of Derby: My Lords, I, too, thank the Minister for his clear, optimistic and encouraging introduction, and associate myself with the noble Lord, Lord Prescott, and his desire for this to proceed quickly and effectively. I declare an interest in that I come from Derby in the east Midlands, so I feel a bit like an interloper in this debate about the north—although part of our diocese is the Peak District, which may just qualify as the north.

I have three short points to make and three questions that I would like to ask the Minister. The OECD report shows that infrastructure in the UK has suffered underinvestment compared to many of our competitor countries. That underinvestment is not just in the north, of course; it is right across the country, including in the east and the south-west. Similarly, the disparate quality of infrastructure between the south-east, which includes London, and the rest of the country is not just in relation to the north—it is in relation to many other parts of the country. So my first question is: for a Government who are committed quite rightly to a one-nation approach, what is in mind, alongside this very proper and right investment in this project in the north, to enable other parts of the country to be part of a strategy for the development of infrastructure, transport and communication?

Secondly, as the noble Lord, Lord Prescott, said, last week we were debating the cities and local government proposals. How does the Minister see the relationship

between the structure of the northern cities in the report behind today’s discussion and the proposals in the cities and local government report that there should be quite a lot of freedom to design political and economic working units that might best suit and enable growth? How are we going to bring these two maps, and these two possible combinations of cities and their hinterlands, together? That is a very important question. The Minister is leading both discussions on the Front Bench, and I would be interested to know how there is going to be coherence between the freedom given to make political and economic units that can guarantee growth under the cities and local government proposals and this proposal involving a number of northern cities.

My final point returns to the east Midlands and Derby. The east Midlands has attracted a very small share of the high-value regionally allocated pipeline projects but is still creating jobs and growth. Noble Lords may have noticed that this week the city of Derby has been designated the fastest-growing economy in the UK. That growth is drawn from manufacturing and engineering, with Rolls-Royce, Bombardier and Toyota. Over the five years of the economic downturn, that manufacturing sector around those great industrial giants bucked the trend, creating growth, jobs and international trade. My final question to the Minister is: as we rightly look to develop the infrastructure and potential of the north, how are we going to ensure that that kind of manufacturing base, which has been so hard earned, also participates in the proper investment in infrastructure and communication so that those elements, too, remain in the cutting edge of our international competitiveness and economic performance?

4.17 pm

Lord Jopling (Con): My Lords, perhaps I may begin by teasing my old friend, the noble Lord, Lord Teverson, under whose admirable chairmanship I served only a few years ago. I suggest to him that the next time he travels from the south-west to Newcastle via Leeds and Doncaster to Darlington, he would be better to go along one side of the triangle and go direct to York and then on to the north-east. I know him well enough to tease him in that way.

I certainly welcome this debate. I particularly welcome the Minister’s opening speech expressing the Government’s determination to do something about the problems of transport connectivity and infrastructure in the north of England. We must face it: it is a mixed picture of some blessings and quite a number of horrors. I shall begin by talking about the train service. At the moment, the north-south train connection between London and Yorkshire and the north-east is good. In fact, one can go from King’s Cross to York in less than two hours, and those quick trains move on. It is good news that the east coast main line is going to have further improvements; that is very welcome. What has been a big bonus on the east coast main line in recent years has been the arrival of the Grand Central railway company which, after a very shaky start, has very much improved access and kept the fares down on that line. That is welcome and demonstrates the advantage of competition.

[LORD JOPLING]

However, while the north-south rail connections are good on the whole, the east-west service is absolutely lamentable. That is the main horror of the northern rail transport service. I will not quote examples; if noble Lords look at the most helpful briefing that the Library of the House produced, they will find ample examples of the ridiculous problems that travellers have in moving east to west, including within the industrial areas of the north. I very much welcome what the noble Lord, Lord Prescott, said: "Get on with it". He made a big thing of saying that. It is one thing to have plans, documents and intentions, but the thing is to get on with it, and I very much welcomed his saying that that is what needs to be done.

There is one particular horror which I find in the northern railway network, which is the existence of what is ridiculously called the TransPennine Express, which is a connection between the north-east and Manchester Airport. I have always thought, on the fortunately infrequent occasions when I have had to resort to this service on the way to Manchester Airport, that it is a strange combination of Cobbett's *Rural Rides* and what John Betjeman described in his poems as his rural rail jaunts from halt to stop at rural stations.

I will say just one word about HS2, which very much follows what the noble Lord, Lord Prescott, said. As it is planned at the moment, HS2 will be very helpful indeed as far as the West Riding of Yorkshire is concerned, but, as he said, when you think about York, Hull and the north-east, it will not be much of a bonus to travellers who want to go into those areas, and I cannot see them using it very much.

On the road situation, I think of connectivity, which is part of the subject of the debate, and in particular of the connectivity of the road network to the north of England. Of course, the main motorway to the north is the M1. I was horrified to hear in a recent Question in your Lordships' House that at that time on the M1 between London and Yorkshire, 25% of the road was under speed restrictions. I myself was on parts of the M1 only last weekend, and it seemed that the speed restrictions were going on and on and that in general there was no need whatever for them. I hope that the Government will shake up Highways England to lift those speed restrictions where it can, because there seemed to be mile upon mile where no work was apparently being done—certainly nobody was there performing it.

I travel from North Yorkshire to London each week on the roads and I have stopped using the M1, which I always used to use, and have started using the A1. However, I am very glad to read in the Government's road document, which was produced at the end of last year by the coalition Government, that it is intended to improve the southern part of the A1 south of Peterborough to move it towards what is described as "full motorway standard". I would hope that that would eliminate those dreadful five roundabouts between Huntingdon and London, which at various times do so much to hold up the traffic and deter connectivity between the south and the north of England.

I also ask the Government to consider the planning of roadworks and the management of all the work that will be going on. During the last couple of weeks,

I asked a Question about one particular road improvement near Gamston airport, on the A1 south of Doncaster, which seems to have been going on for endless months and years. I was told that the cost of putting a new bridge over the A1 has risen from an estimated £7 million to £13 million. I then tabled another Question, the answer to which I have been handed since I have been sitting here. I asked what problems were being encountered by Highways England and their contractors. Perhaps I may briefly tell your Lordships that they were: first, previously unidentified old contaminated landfill sites; secondly, the excavation of old concrete and tarmac; thirdly, the need for an additional infiltration pond; and, fourthly, a change in the central pier design. Every one of those things ought to have been seen, noted and sorted out before the work ever began, and I am very critical of what can only be described as the sometimes cack-handed way in which the highways authority goes about awarding these contracts.

Finally, there is another issue, to which the noble Lord referred in his opening speech, which is that a study has been commissioned to decide whether it is best to dual the A66 between Penrith and Scotch Corner or the A69 between Carlisle and Newcastle. To be quite honest, while both are important, I think that by far the more important is the A66. I used to use it when my constituency was in the Lake District but I very rarely use it now. I can only think that setting up a study group to look at those two options is tantamount to kicking for touch and hoping to find the long grass. The A66 is the key route from the industrial area of Scotland down the west side and then across to serve the east coast ports and the east of England and to go towards London. I do not think that we ought to be messing about with a study group, as I would have thought that the solution was obvious.

4.28 pm

Lord Beecham (Lab): My Lords, it is a particular pleasure to follow the noble Lord, Lord Jopling, with his long experience of the north and his great service to it as a Member of Parliament and as a Minister. It is a pleasure enhanced by the fact that he represents all of 50% of the contributions that Conservative Members of your Lordships' House, apart from the Minister, will be making to this debate.

I spent last weekend with my friends Professor Anthony King and his wife Jan. Among other things, they showed me the impressive port facilities at Felixstowe, where we saw giant Chinese container ships of the kind mentioned by my noble friend Lord Prescott. One was berthed and the other was in the process of docking—presumably arriving full of Chinese exports and probably eventually leaving empty in view of the imbalance of trade between our two countries. My friends live near Colchester, close to Stansted Airport, with good local road services and access to the motorway system.

I of course welcome the Government's professed intention to improve the north's transport infrastructure, but I bear I mind, in relation to one project in particular, that Professor King was the co-author of a book entitled *The Blunders of Our Governments*, highlighting a number of public policy disasters perpetrated by successive Administrations.

Mine is not a concern widely shared by council leaders in the north, but when it comes to HS2 I ought now, as I did when a Statement about the project was repeated in the House last autumn, to declare an interest. As I said then and repeat now, it is unfortunately almost certainly a posthumous interest, since by the time HS2 reaches Newcastle, based on the present projections, I will long since have been dead and buried.

I am sceptical about the benefits likely to be achieved for the north-east by somewhat faster journey times and question whether increased capacity could not be achieved by other methods—for example, longer platforms. I think sometimes that advocates of HS2 envisage it as encouraging one-way traffic to the north, whereas of course traffic will flow in both directions.

Even if these doubts prove to be wrong, there is the question of cost and whether the projected investment of whatever it is—£50 billion or £60 billion—is justified in the light of other claims for improvements affecting the economy, especially that of the north, and, critically, whether that estimate of cost is likely to prove robust. There is reason to be sceptical, as Professor King's book—written, I should add, jointly with Ivor Crewe—warns us, in the light of previous hugely costly failures stemming from well-intentioned policies of a variety of kinds. For me, one of the most telling and comparable of such examples is the Crossrail project. Originally estimated at £14.9 billion some seven or eight years ago, its costs are now in the range of £20 billion for the original scheme or £27.5 billion for the extended scheme. They have risen by 30% in the last three years alone. This scheme, moreover, it was revealed by IPPR last year, has received nine times more funding than all the rail projects in the three northern regions put together. Transport investment in London means that 24 times more per head is spent on each London resident than on a resident of the north-east. There are real questions to be asked about the extent to which, and in what way, this imbalance is to be redressed.

Northern council leaders have rightly called for early investment in intraregional transport, and somewhat vague promises have been made for an HS3, which does not quite appear to live up to the promise implicit in the label. We would of course welcome the replacement of the laughably misnamed TransPennine Express, to which the noble Lord, Lord Jopling, referred, and are interested in the proposals by a number of operators to add to the existing services.

The immediate need, certainly in the north-east, is for much improved intraregional investment, the better to connect, for example, Teesside with Tyneside and Wearside, and Newcastle with Carlisle. The Association of North East Councils, together with its partners Tees Valley Unlimited and the North East LEP, has proposed a programme of regional and subregional improvements in the *North East Rail Statement*. It would be welcome if the Minister indicated—not necessarily today, because I do not expect him to answer every question from the Dispatch Box—what the prospects are for such a programme.

Rail transport is not the only area in need of significant investment. I recently drove from Newcastle to Alnwick to take some American friends to one of

the country's great castles. They could not believe that the A1 on which we were travelling was the main road to Scotland. True, a further stretch is to be dualled at last, a decision recently announced—by sheer coincidence—in the marginal Berwick constituency shortly before the election, one of a number of schemes in similar areas that saw the light of day in the run up to 7 May. Nevertheless, it was welcomed. But the Government's report on the northern transport strategy limits the future of the main road to Scotland, north of Newcastle, to that of a modern dual carriageway rather than a motorway. In my submission, that is not really adequate.

Their proposals to improve links to the ports includes a vague reference to a,

“freight vision for the future”,

to,

“Recognise Northern ports investment to ensure the delivery of port infrastructure that meets the future needs of the shipping industry”.

What on earth does this mean? Does recognition imply investment? If so, on what kind of scale and when can we expect that investment? What is the timescale for the improvements to the A1(M), which will, allegedly,

“improve journey reliability to distribution centres around Doncaster and Sheffield improving access to Tees Port”—

but not, apparently, to Hull? Are people expected to travel to Hull in a handcart?

What will be the role of the Highways Agency, a body which local authorities in the region—and possibly other regions—have struggled with for a long time? Will this be absorbed into Transport for the North, a body which will apparently, with no pretensions to democratic accountability, assume—under the benevolent rule of an independent chair to be appointed by the Secretary of State—responsibility for transport strategy from the Scottish border to a line stretching from the Mersey to the Humber? Again, what will be the timescale for the investment strategy that is supposed to emerge?

There is also a call for renewed investment in the Tyne and Wear Metro—a project initiated by the Heath Government more than 40 years ago—for which, among other priorities, there is a growing need for rolling stock. Those areas which wish to proceed with quality contracts for local bus services should also be supported in any national strategy.

The report also mentions airports. I have asked a Written Question about air passenger duty in the context of proposals to allow the Scottish Government to determine the level, if any, of the duty applicable to Scotland. The Government's reply is that they will be consulting on the issue. Newcastle Airport would be particularly vulnerable to the impact of the abolition of the duty for Scottish airports, especially for long-haul flights, given our connections to Newark in the US and the Middle and the Far East. Can the Minister assure the House that, whatever else happens, Newcastle will not be disadvantaged in relation to its Scottish rivals?

Further, do the Government recognise that the north is not entirely urban—a point made by the noble Lord, Lord Teverson—hugely significant as our great cities and other towns are in their potential contribution

[LORD BEECHAM]

to the national economy? We are talking today about physical connectivity, but broadband connectivity is also crucially important, especially in the rural areas which are so much a part of the region's life and character. Will the Government speed up the process of that connectivity?

The Government have announced a cut of £450 million from the budget of the Department for Business, Innovation and Skills, which administers the regional growth fund. Can the Minister confirm—again, I do not expect an answer today—whether or not the latter will be affected and, if so, by what amount for each region? It will clearly have an impact on the matters we are debating today.

Will the Government also recognise that capital investment over a long period, vital as it is, must not be at the expense of continuing revenue support for the key local services which have been disproportionately and deliberately cut over the past five years, affecting every council in the north-east, and which many of us fear will be cut even more harshly as the Chancellor announces his budget proposals in three weeks' time?

Of course we welcome the Chancellor's proclamation of a northern powerhouse. In the north we want all our people to live in a powerhouse and none to be consigned to the poor house.

4.37 pm

Lord Shutt of Greetland (LD): My Lords, it is a privilege to take part in a rare north of England debate in this House. I had the joy of taking part in the sixth day of the debate on the Queen's Speech on 4 June and it is good to return 13 days later to resume discussing some of those themes. This debate is being held because the Government believe that they have something to say and, in fairness, I think they have something to say about transport, to which the noble Lord, Lord Prescott, alluded.

On the day of the Queen's Speech debate on transport I spoke specifically about railway electrification. However, I sought further information about the northern powerhouse. I learnt that the northern powerhouse is more than trans-Pennine and includes the north-east. It appears to cover a population of 15 million, nearly double that of London. I sought a definition of "northern powerhouse"—I thought it sounded like the American dream—and I have received a letter from the noble Baroness, Lady Neville-Rolfe, who said this:

"You asked 'What is the Northern Powerhouse?'. Rebalancing the economy by creating a Northern Powerhouse is part of our long term economic plan. The objective is simple: to allow the Northern cities to pool their strengths and become greater than the sum of their parts; to raise the growth rate of the North, which could be worth an extra £44bn by 2030"—

I wonder who worked that one out and what it will amount to. The letter goes on—

"and to capitalise on the success of transport investment in London to create a second powerhouse region in the UK in the North".

So I have a little help there.

My noble friend Lord Greaves has also been attempting to get some definition. He put down a couple of Questions for Written Answer which were answered by the noble Baroness, Lady Williams of Trafford. She said:

"The Northern Powerhouse is a long term plan to enable the north to reach its potential as a driving force in the UK economy". She went on to talk about northern cities, and finished by saying:

"The Government will also empower the towns and counties of the north to build on the economic strengths outside cities".

There we have it: the northern powerhouse is a long-term plan. It is about the whole of the north of England—15 million of us—and it is about the towns and counties as well as the cities. I would like to put a question to the Minister. It seems that this is rather more than a concept, but where is the plan, who is writing it and when is it to be published? If this is a plan that is to cover a quarter of the UK, it will be a serious and no doubt lengthy document; there will be quite a set of tomes when we have the great plan for the northern powerhouse.

Following on from my theme of 13 days ago, I should like to make some specific points. I commended the Government on their plans and looked forward to the reality of the railway electrification plans. However, one of the plans referred to is the important trans-Pennine electrification scheme. This was announced in 2011 and was expected to be completed by 2018, some seven years later. However, a statement was made, again on 10 June, saying that the Manchester/Huddersfield/Leeds/York electrification scheme has been delayed indefinitely—never mind going on to Hull. What is happening? What has gone wrong? When will "indefinite" end and become "definite" with a new date? Is it not strange that a scheme for the north of England which was announced in 2011 can be delayed to 2020 or beyond? Reference has already been made to Crossrail. It is interesting to note that that scheme was started in May 2009, and the Mayor of London Boris Johnson announced in March this year that following the completion of 26 miles of tunnel, Crossrail was,

"on time, on budget and coming soon".

Crossrail will be ready in 2018, a project that from start to finish will have taken nine years. The trans-Pennine scheme was announced in 2011, and we do not know when it will be ready, and of course this is a scheme that will be considerably less costly than Crossrail. It seems to me that in this, the northern powerhouse is looking pretty powerless.

Reference has also been made today to HS2 north and HS3. Those are a bit beyond the electrification of the trans-Pennine railway. When I first heard about HS2 north, I was concerned about what seemed to be the rather silly idea of having a "hammerhead terminus" in Leeds so that there would be no connectivity whatever because of it. However, Sir David Higgins was going to look at connectivity in Leeds so that HS2 and HS3 would link and would be compatible with the present railway network. Is there any news about Sir David Higgins's work on connectivity for Leeds?

There has been another delay for the north of England in the transport field, again in Yorkshire. The tram-train experiment, announced in March 2008, involved the route between Huddersfield and Barnsley. That was dropped in 2009 and it was decided to have a go at Sheffield to Rotherham instead. I understand that 2017 is now the expected completion date; nine years on, again, from the start of the idea in 2008. This is a

relatively modest scheme, compared to the likes of Crossrail or trans-Pennine electrification. I have heard no news of this and do not know why it is taking so long. Would it take as long if the tram-train experiment were in the south of England? It is not that big an experiment—there have been several like it in Germany—it is just a new thing here. I would be interested to hear any news on it.

Talking of transport connectivity and infrastructure in the north of England, I recommend that the Minister looks at some underused infrastructure and I cite a couple of rural to urban railway lines. The line from Morecambe and Lancaster coming into Leeds in Yorkshire has five trains a day but there is not one that would get anyone into Leeds before 9 am and the last one to get anyone home is at 4.45 pm. There is a very similar situation on the line from Whitby to Middlesbrough where there are four trains a day each way. The first train from Whitby sets off at 10.17 am, so anybody wanting to work in Middlesbrough would start pretty late. Much more could be achieved using our existing assets.

I have touched a little on just four railway infrastructure schemes which the Minister may like to comment on or write about. There is, of course, more to transport than railways and there are other important matters to which noble Lords have referred: ports, roads, air and so on. I happened to look in my *Pocket Oxford Dictionary* for a definition of “infrastructure”. It says it is:

“A basic structural foundation of a society or enterprise”.

When it comes to the big northern powerhouse plan, will the Government look at all the disposition of resources throughout the UK? The structural foundation of society goes beyond railways, roads, bridges and sewers. We need a real northern powerhouse to have the capacity for the north of England to prosper in the arts, culture and heritage. Is not the creation of the northern powerhouse a chance to look at all government expenditure and at the potential for a significant regional transfer of resources, starting with the substantial grant-making quangos? Should that not be part of the northern powerhouse plan?

4.49 pm

Lord Woolmer of Leeds (Lab): My Lords, it is a pleasure to follow the noble Lord, Lord Shutt, who, as I expected, referred among other things to the requirements of Halifax and Calderdale in West Yorkshire. As he says, all infrastructure is important but I am going to concentrate on the rail network, for reasons of time. Without doubt, the northern transport strategy is a step forward. The future governance of that body and the appointment of a powerful, independent chair will be extremely important. Will the Minister confirm that that is expected later this year?

The connectivity between national, regional, sub-regional and local transport networks, including their plans, projects and delivery, is complex. In my part of the north, we are developing a West Yorkshire single-transport plan to build on the framework provided by the northern hub plans. Leeds and York are fulcrum parts of our railway system—east to west or west to east, north to south and cross country from the north-east through Yorkshire and the Midlands, and down to the west and the south-west. I see my colleague, the noble Lord, Lord Teverson, in his seat. Often, that is an

underestimated but very important and heavily used route in this country. Those routes all pass through the York-Leeds axis. Leeds is the second busiest rail station outside London. It has only slightly less passenger movement than King’s Cross. It is a very busy station, not just because it is Leeds but a hub into the rest of the sub-region and the region.

In that part of the north, future transport and land use plans must be based on what will happen to the national system. I disagree with my noble friend Lord Beecham about HS2, which I regard as essential to the prosperity of the north. It requires a determination to make a change and to make a break from the past. We can finish up investing everything in London but the more you put in London, the more the population grows. In my experience, that means that there will be more investment. That is the lesson of London Underground and overground transport. In the north, we say, “We don’t want a strategic rail route going fast. We can’t afford it”. That is very negative thinking and shows no ambition or sense of changing not only the culture but the balance of the UK. I will come back to changing the balance a little later.

I am not thinking only of HS2 north to south, but of HS3 east to west. I agree with my noble friend Lord Prescott. It only makes sense if it eventually is to be Hull to Liverpool. In the shorter term, it makes sense for plans to be York-Leeds-Manchester but beyond that plans must be included for Hull to Liverpool. In connection with connectivity, it is ironic that, currently, HS2 plans to have a new railway station in Sheffield that is not alongside the existing station and in Leeds to have a new station that is separate from the existing one, which breaks connectivity between the national strategy and the regional network. On the face of it, that is madness. Politicians should be asking whether that makes sense in terms of what they are trying to achieve and is not just about what the technical people are saying. It is a political and strategic question. I appreciate that the situation in Leeds is being revisited and a lot of discussion is going on at the moment. I am not sure about the Sheffield situation. Bradford, in my view, has suffered greatly from having two separate railway stations with, unfortunately, a big difference in height levels; it is very difficult to envisage how you could bring them together, although I would like to think it could be achieved.

I turn to the electrification of rail routes, as did the noble Lord, Lord Shutt. Before Andrew Jones became a Parliamentary Under-Secretary, he chaired the north of England electrification taskforce, which produced a report in March this year and sought to establish priorities in the law for England for rail electrification. Among other huge gaps in the electrified rail network in the north are all three cross-Pennine routes, which are not electrified; nor are the Leeds-Huddersfield-Manchester, Sheffield-Manchester or Leeds-Bradford-Halifax-Manchester lines. None of those is electrified, so there is no continuous electrification from east to west. To talk of a northern powerhouse based on the conurbations—while Crossrail is being built, and perhaps Crossrail 2, with new stations here and new underground stations there—when you have not even electrified the rail lines between east and west in the north of the country seems to be an abysmal failure. The only area

[LORD WOOLMER OF LEEDS]

where there was any hope of early electrification is the Leeds-Huddersfield-Manchester route, part of the infamous trans-Pennine express route. I will turn in a moment to the tale that the noble Lord, Lord Shutt, told us about what has happened with that.

Mr Jones's report told us in March this year that the existing rail electrification,

"already appears to be straining the current industry capacity".

He told us that the north of England can currently expect a maximum of around 50 route kilometres of electrification per year. That is the expectation. On that basis, as the report says, it will be more than 40 years before the electrification of the rail system in the north will be complete. The report concludes that the electrification process needs more resources. We cannot achieve what the language of the "northern powerhouse" says without facing up to resources having to be put in to achieve it.

I turn to the electrification of the Leeds-Huddersfield-Manchester trans-Pennine route. Noble Lords should remember that this train does not even go to Hull, as my noble friend Lord Prescott said. It was announced in November 2011 by, I think, the Chancellor, probably in the Autumn Statement. The route would definitely be electrified by 2018-19. Mr Jones's report on the strategy and priorities of electrification—do not forget that in March this year he became a Parliamentary Under-Secretary—says that he assumed that the trans-Pennine route would be electrified on time. That was in March. Soon after the election earlier this month, as the noble Lord, Lord Shutt, said, it was announced that it would not go ahead. The project has been postponed and we do not know when it is going ahead. There was no announcement that it had been put back by three or six months for such-and-such a reason—there was no commitment to timetable at all. That makes a nonsense of bringing together and planning the interaction between the transport planning. If, as we have done in West Yorkshire, you plan on the assumption that by 2018-19 there will be a service, with the impact that that will have on passenger use and so on, you build that into the preparation of interconnected transport routes. Then we are suddenly told that it is not necessarily going to happen for an unknown period of time. That is a disastrous situation.

Indeed, I understand that it is very unlikely to be completed before 2024. I would be grateful if the Minister can confirm that. It is relevant because bidding for the two rail franchises—the trans-Pennine route and the northern route—is currently in process. What the companies putting in for the franchise think will happen to electrification in their franchise period must be important. As I understand it, that franchise period is due to end in 2024. I would be grateful if the Minister could confirm that the expectation in the award of those franchises is that electrification across the Pennines will not be completed within the term of those franchises. If that is the case, it would mean that it would be at least 13 years before the Chancellor's 2011 promise resulted in delivery.

It is good to have plans and it is good to hear a commitment from the Minister, but when one of the prime, straightforward elements of the rail system that would fit into that strategy falls at the first hurdle it

gives a very bad impression of whether investment in the northern powerhouse will actually occur and whether it will be driven through by determined Ministers. I look forward to hearing, when the Minister replies, why the electrification of the trans-Pennine service has been put back; whether that will impact on the franchise; and when we can expect that that very first part of a key element of a transport network across the north will be completed.

5.02 pm

Lord Kerslake (CB): My Lords, I declare my interest as president-elect of the Local Government Association. My other interests are as recorded in the register.

First can I say how much I welcome the fact that we are having this debate and the significant transport investment that is planned? Good connectivity between London and the north, and between the cities in the north, is critical to realising the north's economic potential. Transport connectivity alone will not create the northern powerhouse, but it is a vital component.

I will talk today, though, about one specific issue referred to by the noble Lord, Lord Woolmer, which is the location of the HS2 station in the Sheffield city region. For reasons that I will come on to, this is not just a technical issue, but a vital decision for HS2 and the Sheffield city region. It must be got right. I fear that as things stand, the wrong decision will be taken and that that will seriously undermine the long-term contribution of Sheffield city region to the future prosperity of the north.

The city regions of Leeds, Manchester and Sheffield together add up to roughly 80% of the population of London. However, they amount to only 40% of London's economic output. The response to this is, of course, not to curb London, which must continue to succeed as a global city, but to make the north more competitive. To compete globally the northern cities need scale and critical mass. No northern city—not even Manchester—can compete globally on its own; they are simply not big enough.

"Combining the cities" will not and should not be achieved through an uncontrolled urban expansion across the Pennines. Instead it requires a step change in connectivity similar to that in the Dutch Randstad. Transport for the North, or "TransNorth", recognises this and is explicit in its focus on city centre to city centre connectivity. Its ambition is for a 30-minute journey time between Sheffield, Leeds and Manchester city centres to create a single labour market and harness the benefits of scale.

The proposal for HS2, however, is that the Sheffield station should be located not in the centre of Sheffield but in an out-of-town parkway station some four miles from the city centre. Sheffield would face the illogical position that HS2 goes to an out-of-town station while TransNorth goes to the city centre. For me this would be an utter absurdity and a major opportunity lost. One part of government policy would actively undermine another.

It is fair to say that TransNorth and the northern powerhouse have come about after the HS2 route and options were first published. Much further work has been done on this issue, including, of course, the excellent

report of this House's Economic Affairs Committee. I am grateful to the noble Lord, Lord Shipley, for drawing my attention to the oral evidence by Brigid Simmonds and Jim Steer, which very strongly supported city centres as locations for HS2 stations.

The key question here is: how do we make the most of this massive investment? It is possible to do this only if we rethink this decision, and do so soon. It is not just a question of the connectivity with Leeds and Manchester. Locating the station in the city centre rather than outside would generate substantial economic benefits in its own right. A study by the economic development consultancy, Genecon, for Creative Sheffield, the city's economic development partnership, has estimated that this would amount to an additional £3 billion to £5 billion over the life of the HS2 business case. This benefit compares with an additional cost of some £680 million, a figure significantly reduced from the original estimate of £1 billion. There would be some impact on journey times but these are now calculated to be only just over two minutes compared with the original calculation of seven. This is a small price to pay for the additional economic benefits and, in any event, the aim of HS2 is not just speed but growth. The city centre option creates more jobs and more passenger trips and has a positive cost-benefit ratio. In short, to use the vernacular, it is a no-brainer.

I spoke in my maiden speech of my hopes that Sheffield city region would be able to make early progress in developing an ambitious devolution deal along the lines of Manchester. There are huge opportunities in the city region from the Advanced Manufacturing Park in Rotherham to the national rail college in Doncaster. Delivering this will clearly require some difficult decisions by the councils involved, in particular on whether they are willing to support the creation of a metro mayor. The location of the HS2 station is one such difficult issue where I know there are differences of views. However, I very much hope that all parties in the city region will get behind the city centre solution.

I understand that the final decision on the station location has not yet been made by the department. Indeed, I further understand that officials from HS2 Ltd were in the city just yesterday to discuss the matter. I very much welcome this. There is still time to get the decision right. I would be grateful, therefore, if the Minister, when he sums up, will respond to the following questions. Will he commit to asking the department and HS2 Ltd to look again at the options for location of the station in the light of the TransNorth proposals and the latest information on costs and benefits? Will he agree to a meeting with those in the city region who passionately believe in the need for an HS2 city centre station to fully realise the economic potential of this once-in-a-generation investment?

5.10 pm

Lord Faulkner of Worcester (Lab): My Lords, judging from the many excellent speeches so far, the subtitle of this debate should be, "The North Fights Back". We have just heard a very good example of that from the noble Lord, Lord Kerslake. I congratulate the Minister on what I believe is his first speech from the Dispatch Box in his new role. I hope that he will not mind my saying but, coming after the noble Baroness,

Lady Kramer, who was in her place earlier, and my noble friend Lord Adonis, he has two very hard acts to follow. Both those Ministers presided over and contributed to the revival in Britain's railways, in which I wholeheartedly rejoice.

Since 1997-98, the annual growth in passenger journeys has been around 4%, compared with just 0.3% in the previous 16 years. The Office of Rail and Road recently reported that the total number of journeys on franchise operators last year was up to 1.654 billion—the highest ever. Noble Lords, I think, will have heard me speak before about the contrast in recent years with the situation in which the railways found themselves in the post-Beeching 1970s and 1980s, when decline, contraction and penny-pinching were all the order of the day. I had better at this point declare my interests as the co-author of a book that described what happened with the railway during those years and to trail the fact that its sequel will be out in the autumn. I should also declare an interest as chair of the First Great Western stakeholder advisory board.

Just over 50 years ago, the Beeching report condemned local rail services in the north of England to a policy of retrenchment and disinvestment. The philosophy was that intercity rail and bulk freight might have a bright future and could be made profitable, but that local and commuter services would always lose money, and most should be replaced by buses. We look today with incredulity at northern towns such as Richmond or Ripon, Keswick or Washington, and wonder how they could have been stripped of their railways half a century ago or how the direct line from Manchester to Derby through the Peak District could be axed—I am sorry that the right reverend Prelate of Derby is not in his place to hear me say that. It is no surprise that campaigners are now supporting plans to bring trains back to Skelmersdale and Blyth, and between Skipton and Colne. How valuable the Harrogate to Northallerton line would have been in relieving the overcrowded east coast main line or providing an alternative during the regular engineering works.

Apart from local services—the north was exceptionally hard hit by closures outside the main conurbations—the Beeching philosophy also stripped out many east-west routes where better connectivity is now urgently required. The old Great Central line between Manchester and Sheffield, built for carrying heavy coal traffic, was the shortest route between the two cities. Its closure, soon after it was electrified and a new tunnel opened under the Pennines at Woodhead, is in retrospect utterly inexplicable.

Yet it could all have been a great deal worse—and indeed would have been had it not been for the creation of the passenger transport executives in 1968 for Tyne and Wear, West Yorkshire, South Yorkshire, Greater Manchester and Merseyside. They did a great job in putting rail at the heart of their transport strategy and, in those areas, a significant heavy rail network has led to progress, with more services, affordable fares and better marketing. Outside those PTE areas, however, British Rail local services continued to decline for another 20 years. Instead of investing in the railway to stimulate and satisfy demand, money was spent—and wasted—on pointless bus substitution studies and on

[LORD FAULKNER OF WORCESTER]

developing the concept of a low-cost local railway, with most stations unstaffed and minimal station facilities. The drive was to cut costs, not to meet the demand for rail that grew with road traffic congestion and parking problems.

When the first generation of diesel trains finally wore out in the 1980s, many were replaced by the much-reviled Pacers, the low-cost trains based on bus technology, about which the noble Lord, Lord Teverson, spoke earlier. They fall well short of the standards expected now and of the rail cars used on local lines elsewhere in Europe. But we need to remember that without their introduction from about 1985 onwards, many local lines would have disappeared. At the time Pacers were an affordable way for a cash-strapped British Rail to keep the services going. For a while it looked as though the Pacers would be around for some time yet. Indeed, according to the railway press, the bean counters in the Department for Transport advised the Permanent Secretary and the Secretary of State that the economic case for their replacement did not stack up. Can the Minister confirm that Mr McLoughlin was having none of that and took the very rare ministerial step of issuing a directive to the Permanent Secretary that the Pacers had to go?

Keeping our faith in the railways has really worked. During the fourth quarter of 2014-15, the introduction of additional services between Leeds and Manchester—to cite just one example—led to the largest increase in timetabled train kilometres anywhere. I welcome very much the Secretary of State's statement on 23 March, when the stakeholder briefing document, *Transforming the North's Railways*, was published at the same time as the invitations to tender for the next northern and trans-Pennine franchises. I particularly welcome his assertion that:

“These publications mark an important first step in the transformation of the train services in the north of England to support economic growth”.—[*Official Report*, Commons, 27/2/15; col. 318WS.]

The railways' contribution to economic growth is not something we have heard about very often from Transport or Treasury Ministers or their officials in recent years.

Another assertion by the Secretary of State that I am happy to welcome, since this is a non-partisan occasion, is what he said about High Speed 2 in his speech in Leeds on 1 June; the Minister echoed some of it today. Mr McLoughlin said that the argument for HS2 had been won and construction on the full Y network from London to Birmingham and Birmingham to Manchester and Leeds will start in just two years. He said that,

“we are moving forward with plans for new high-speed rail links, running right across the north, from Liverpool in the west, to Hull in the east. It will slash journey times, provide a substantial boost to capacity and help bind the north together as a single, powerful economic force. We believe in the power of transport to change things”.

The Secretary of State is right and I am afraid that my noble friend Lord Beecham, in what he said about High Speed 2, is quite wrong.

I commend to my noble friend the report by the consultancy group Greengauge 21 on the consultation for High Speed 2, which it says produced four main

points. First, there is an ambition that High Speed 2 should be developed from north to south, rather than from London northwards. Secondly, related to that, there is a wish to see phase 2 implemented earlier than 2032-33—either the whole project or parts of it. Thirdly, there is an ambition for there to be more connections with existing lines so that services can be provided to and from city centre stations on to the high-speed network. A particular aim is that there should be fast connections and more capacity provided using High Speed 2 for travel between regional cities, where the existing network is often particularly weak. That would supplement High Speed 2 services to and from London and make fuller use of the new line capacity. Fourthly—and we have heard about this from the noble Lords, Lord Kerslake and Lord Shutt, and my noble friend Lord Woolmer—there are concerns, particularly along the eastern side of the route, that the chosen station sites will require significant complementary investment to provide good access and should perhaps be looked at a bit more. Leeds in particular needs better and fuller integration of the HS2 station with the existing station, and I believe that the same applies in Sheffield.

I conclude on a positive note. We can see that the future of rail transport in the north is looking good, with huge benefits likely to flow into the regional economy from High Speed 2 and from projects such as the northern hub, which will transform passenger journeys into and around Manchester. It was from the mid-1990s that strong and continuous growth in passenger numbers started, and this has continued to the present day. Local authority engagement, community rail partnerships and higher train frequencies have all helped, while traffic congestion, parking constraints and the unpredictability of the road system have all helped rail growth as more and more people see the advantage of taking the train. This growth is set to continue, and all the official forecasts point to the need for more rail capacity.

In this House, we tend to be somewhat London-centric. With 70% of rail journeys starting or finishing in London or south-east England, it is inevitable that more focus will be on that region than on any other. But the problems of overcrowding are shared around the country and are not limited to London. Indeed, growth rates on regional and long-distance services are currently outstripping growth in London and the south-east. Trans-Pennine trains from Leeds or Manchester are just as overcrowded as trains leaving London in peak time, and passengers get left behind at stations, unable to board, whether they are approaching Sheffield or Surbiton. The difference is that the trans-Pennine trains, typically, have only three cars, whereas those around London may have eight or more. Longer trains will obviously address this problem, but the rail industry is not building any new diesel trains and is relying instead on the transfer of existing diesels as routes are electrified and new electric trains provided. However—this is a very big “however”—the electrification programme is a long one and is slipping, as a number of noble Lords have pointed out in this debate. I hope that the Minister will be able to give the House some comfort that the electrification programme in the north of England, and indeed the west of England, will get back on track.

There should be no north/south divide on this. The needs of the north are as important as those of London and the south-east, although different in nature. Both will benefit hugely from high-speed train travel, which, with High Speed 3, will address many of the connectivity issues within the north of England as well as those to and from the capital and beyond to the rest of Europe—issues which other noble Lords have referred to today and which I know the noble Lord will wish to respond to in his speech later.

5.23 pm

Lord Inglewood (Con): My Lords, like many taking part in the debate this afternoon in your Lordships' House, I was born in the north of England. Although I was educated and have worked away from the area, it has always been my home, so when I saw that a debate was coming up to take note of transport connectivity and infrastructure in the north of England, it seemed that I really ought to take part.

Having heard about the arc that runs from Liverpool through Manchester and Leeds, with a spur to Hull, going up north to Newcastle, I said to myself, "There is a dog that has not barked—what is it?". So far in this debate, which has now gone on for quite some time, Cumbria has not been mentioned. Minor allusions have been made to parts of it, but its land area is probably not much less than that of the other places we have been talking about. I want to talk about what you might describe as the "North of the North": that bit of the north of England which is above and further from London than what is often conventionally described in shorthand as the north of England.

Speaking as an individual, I am absolutely sure that what is good for Lancashire and Yorkshire and the immediate surrounding area, described by my noble friend the Minister as within a 40-mile radius, is good for Britain. I speak as someone who—slightly to my own surprise, it is true—was top of the polls in the European elections declared in St George's Hall in Liverpool in 1999. I am sure that is right but I do not believe it follows that whatever is good for Lancashire and Yorkshire is necessarily going to make an enormous difference to the "North of the North"—to Cumbria. After all, where I live is roughly as far from Manchester as Amiens is from where we are now. If you think of that kind of distance south of Manchester in England, it is an unusual argument to advance that the development of Manchester will directly benefit the areas around Birmingham in some tangible and obvious economic way. It is important that we are aware of this when talking about northern transport and the north of England.

I am in many ways echoing a point made from the opposite Benches by the noble Lord, Lord Liddle. He is a Cumbria county councillor and he and I are neighbours. We are concerned because it does not seem to us that the enormous and welcome political initiatives around the northern powerhouse will necessarily be of any especial benefit to us. Of course, we welcome what is being done but it seems to me that the economic, social and other problems to be found in this big part of the north of England are not necessarily on all fours with those which have mainly been described this afternoon.

In the case of road transport, particular road schemes are obviously of importance in Cumbria. My noble friend Lord Jopling mentioned one—it was either the A66 or the A69. If those are set in the context of the kind of sums of money that we have been talking about, let us just do them both now. That would be peanuts in the overall scheme of things. However, it is true that the main road links to the south of England are important. Indeed, one of my definitions of hell is driving late at night in a rainstorm down the road between Birmingham and Preston for the rest of eternity.

Rail, too, is important to us. I remember being given some advice when I was standing on the hustings in my early days. It was: "Remember, nobody ever lost votes knocking British Rail". I would like to put on record my appreciation of the fact that, possibly apart from last Thursday night, the west coast main line service is probably as good as I have ever known it. The concerns we have about HS2 are that the character of the service that will continue down to London, after it has been built, will mean that we will not get regular through services without changing. There is no doubt that whatever happens in Scotland, Edinburgh, Glasgow and the central belt are going to need good rail connections to the south of England. I do not want to see the area I come from in some way punished for that.

The most severe infrastructure shortcoming in the area where I come from is that of internet connection. Some years ago, I had the privilege of chairing the Communications Committee of this House when it did a report on the roll-out of broadband. We identified the real danger that many sparsely populated and not rich quarters of England would have inadequate broadband connections. We all know that steps have been taken to improve this. They have been slow; things are happening but not to the extent that they should. What concerns me very much, although I understand why, is that it is being said in the south that it is terribly important that those areas which have good broadband connections should have even more superior connections because that is essential for the national economy. I am not against doing that but, at the same time, as the counterpoint it is imperative that the areas where I come from actually have a half-decent broadband connection. It was explained to me the other day that that whirling disc which goes around and round on the screen is the trademark for poor internet connection. It is a familiar trademark to almost everybody who lives in the county of Cumbria.

My concern, and this will be the concern of the noble Lord, Lord Liddle, too, is that in terms of the policy decisions being taken in London, Cumbria is like a small country far away of which we know little. Can the Minister confirm that the Government recognise that that corner of the north of England has rather different issues from much of the rest of the north? We welcome the steps they are taking to help that part of the north of England. Will they make sure that they treat us separately and specifically address the problems that we face?

5.29 pm

Lord Snape (Lab): My Lords, like the previous speaker, I too was born and brought up in the north of England, although I suspect in somewhat different

[LORD SNAPE]

circumstances. Like my father, I spent my working life in the railway industry in the north of England, so I shall confine my remarks to the railway infrastructure in that part of the world and particularly to the two franchises, both of which have been mentioned in this debate—the Northern franchise and the First TransPennine Express franchise.

I have never really understood why the two franchises are separate. They were lumped together in one franchise prior to the Strategic Rail Authority deciding to split them around 2000. I have always been against franchises such as Northern, dependent as it is solely on subsidy. It is all too easy, as experience has shown, to point the finger at such franchises and say that too much money is expended on them. I go back to British Rail days when, under sectorisation in the mid-1980s, services that could not find a place anywhere else under PTE areas—and reference to this has already been made—were lumped into other provincial services. They were seen as ready targets for reductions in expenditure, because their continuance depended entirely on public subvention and money from the Treasury.

I would personally much have preferred the two franchises to be kept together. Indeed, from the point of view of the non-duplication of head office and managerial positions, it would surely be more sensible to have kept them together. However, separate as they are, the invitations to tender for the TPE franchise had to be submitted to the Department for Transport by 28 May and for the Northern franchise by 26 June. During the course of these debates, we have said on both sides of your Lordships' House that the Department for Transport is occasionally too prescriptive about its requirements for railway rolling stock and locomotives. It is interesting to note that the invitations for tender insist on the tenders being submitted in the “prescribed font”, which is 11 or 13 point Arial, whatever that may be. It goes to show that nothing escapes the eagle eye of the department when it comes to franchising and submitting tenders for these franchises.

We expect a decision later this year on both those franchises, and I would like to ask the Minister early in my speech if he could give us any information as to whether that decision is likely to be made. After all, the franchises will commence next year, and the sooner we know to whom the awards have gone, the better. It is also interesting to see the short list of bidders. For the Northern franchise, the three bidders are Abellio, a wholly owned subsidiary of the Dutch railways; Arriva Rail North, a wholly owned subsidiary of Deutsche Bahn, the German railways; and Govia, which is at least 65% owned by a British company, Go-Ahead, but 35% owned by Keolis, which is responsible for much of the operation of SNCF, the French railways. It is remarkable that companies and nationalised industries from other parts of the world are deemed fit to run Britain's railway lines, yet our own public sector was recently deprived of the opportunity to continue to run the east coast main line.

The noble Lord, Lord Jopling, was fairly scathing about his experiences on the TransPennine Express. I cannot say that I have shared those experiences, doubtful as he found them. If they were and are regarded as the cream of the long-distance commuter services in the

north of England, perhaps he caught them on a bad day. I cannot say I share his views about the removal of roundabouts on Britain's major roads. I remember pictures of him astride a motorcycle in, I think, one of the Sunday colour magazines. In those days, he used to burn his way up and down from London to his constituency. I hope I do not cause him any distress when I say that the sight of him in black leather was somewhat disturbing, and I hope I do not cause him any offence by saying that the sight of his good lady wife in black leather was a lot more alluring.

The electrification of the trans-Pennine line appears to be in some doubt. My noble friends Lord Woolmer and Lord Faulkner and the noble Lord, Lord Shutt of Greetland, had harsh words to say about the likely delay in electrification. I think the Minister owes us an explanation about how long the delay is likely to be. “Indefinite” is a pretty ominous word. It has ominous connotations for the franchise bidders. What sort of rolling stock are they going to have to provide for trans-Pennine services if electrification is indeed delayed indefinitely? Electric trains without overhead wires will not take passengers very far, and there is a problem about ordering new diesel multiple units. For a start, there are very few being built at present, and I understand that none of those in service meets European emission standards, yet here we are embarking on the letting of two major franchises in the north of England with no real idea about what sort of rolling stock can and will be used on them.

Although we are all heartened to hear the Minister's opening speech and how wonderful life is going to be for those of us who travel by train in the north of England, I think we are entitled to ask him what sort of trains we will have. Reference has been made to Pacer trains. The Government have left us in no doubt—indeed, the Prime Minister has left us in no doubt—that there is no future for Pacer trains. A junior Minister recently referred to the need for new diesel trains in the north of England. For too long, those of us who have used trains in that part of the world have had to suffer cast-offs—I can put it no higher than that—cascaded trains from the south of England. When the newly electrified line between Manchester and Liverpool was opened recently, the class 319 electric multiple units that were used were 25 to 30 years old. They had been refurbished and came from the south of England. Imagine the enormous row there would be if we decided to dispatch a shedful of Pacers to the south of England and invited Ministers and civil servants based in the south of England—indeed, the commuters of Wimbledon, perhaps—to ride on those somewhat uncomfortable nodding donkeys, as they are known. Joking aside, the fact that class 170 DMUs were removed from the trans-Pennine franchise and dispatched to Chiltern Railways to be used between Marylebone and Banbury does not augur well for the prospect of new trains in the north of England.

I shall refer to a couple of other matters in the last 60 seconds or so of what I have to say. There is a great deal of concern about the future of ticket offices in the north of England. People, particularly women, understandably do not like travelling through unmanned stations, particularly at night. As one of my noble friends said in an earlier debate, there is no recorded

instance of a ticket machine ever coming to the aid of passenger in distress on a railway station. The Government should not be proud of the destaffing and dehumanising of our railway stations. There was a similar story with the driver-only operation of trains, which, again, is in the specification for the franchise for the Northern region. Although DOO is by no means unknown, the rail unions have let it be known that without proper negotiation they will not be prepared to accept its imposition. Perhaps the Minister can tell us what plans the department has to see that it takes rail staff with it in the attempt to re-let the franchise in the north of England.

I conclude by wishing the Minister well. As my noble friend said, it was refreshing to hear him at the Dispatch Box. My noble friend Lord Faulkner paid tribute to some of his predecessors, but he missed out the noble Earl, Lord Attlee. What I always found refreshing about the noble Earl was that if you asked him a question and he did not know the answer, he told you that he did not know it. In the macho world of politics that is refreshingly different. He always made a point of writing to noble Lords on either side of the Chamber subsequently to answer their questions. I commend that approach to the Minister; we do not expect a whole string of answers to those questions at the end of the debate, but we do expect an answer in a reasonable time, otherwise all those honeyed words he has heard today might not last throughout his career.

5.41 pm

Lord Clark of Windermere (Lab): My Lords, my noble friend Lord Snape speaks with such authority on transport matters, and I have heard him do so over the past 30 or 40 years. Every time I learn something, and the House learns something as well. I feel a strong empathy not only with his view on transport but with his commitment to the north of England.

I have spent almost 70 years living in the north of England in various places, from Cumbria to Manchester, Yorkshire, and the north-east of England. Even today I travel around by public transport across the three regions of the north of England. I might have some contributions to make that might not have been seen by the civil servants. They have produced a whole set of erudite documents that basically point us in the right direction, and I welcome that.

A number of us have been fighting for this rebalancing of the British economy for many years, so we welcome this. The Government are pushing at an open door, as they have already seen in the Manchester area. Manchester is an exemplary authority. When one gets off the train at Manchester Piccadilly, goes down to the Metrolink, gets on the tram and goes past the Roman walls and past the former cotton mills, which are now flats, meanders around the Manchester Ship Canal, goes down by the dockside, and sees MediaCity, one can see the transformation. It is the future. One can see industry, jobs, culture—with the Lowry and the Imperial War Museum North—and it is quite amazing. So the will is there in the north. I single out Manchester, but I could speak of Leeds, Hull or Liverpool, which are also vital to the north.

I see the north as a whole, and understand the modern industrial thrust of that “rugby league belt”, as some of us call it. However, the north is more than that. While I mention modern industry, the north cannot be seen without the north-east of England. This cannot be a patched-on bit of the northern plan, but I am afraid that many of us with links to the north-east of England believe that it is. I shall come back to that in a moment. The north is also a tourism area, with five national parks. There is huge earning potential and a huge potential for jobs.

At least two people here will know whom I am talking about when I mention my friend Eric Martlew, who, until he retired, was the excellent Member of Parliament for Carlisle. He told me that for many years there was a gap at the top of the M6, from the north of Carlisle for six or seven miles to the Scottish border where you met the M74. Eric was very keen that this stretch of road should be made into a motorway. He went to see the director of the Highways Agency for England, who said to him, “Well, Mr Martlew. I’m not sure why you are so worked up about this stretch of six miles. After all, it is a cul-de-sac”. It was said in jest but it makes a point. As the noble Lords, Lord Inglewood and Lord Jopling, reminded us, the north of England does not end at Manchester, Leeds, Hull or Liverpool, important though those cities are. I wonder what the citizens of the other big towns of the north—Preston, Lancaster, Carlisle, Bradford, which I know are cities—or Middlesbrough feel about being left out, because many of us feel that there is a danger that they are being.

I share the scepticism about HS2, popular though it might be. I am of the same view as my noble friend Lord Beecham. While it is going to be great for towns such as Manchester and Leeds which are linked directly to London, I do not think for one moment that many of the HS2 trains will stop between Manchester and London. Some of them might stop at Crewe but the timings are based on non-stop travel. The travelling time from London to Manchester is currently two hours and eight minutes, and HS2 will knock one hour off that. It is a big time saving. If we look at Liverpool, a city roughly the same distance from London—it is not quite the same size as Manchester but it is not far behind it—the time saved will be only half an hour. However, I believe that it will be much less than half an hour because it will involve a change at Crewe. If you have to change at Crewe, you will have to allow a sizeable time to make the connection.

What is true of Liverpool is even more true of Preston, Lancaster and Carlisle. At the moment there is an excellent fast service, which is non-stop after Warrington right through to London. If HS2 is implemented, the old west coast main line that we currently use will be dominated by stopping trains as you move further south, and we will lose the fast service to the south. That concerns many of us in the north.

I want to deal with one other point. Reference has been made to the roads and especially to the A69 and the A66. I do not demur greatly from what the noble Lord, Lord Jopling, said about the A66. I use it regularly. Long stretches of it are now dual carriageway, as they should be, and travelling on it is much easier. Equally, the A69 should be dualled, because the A69

[LORD CLARK OF WINDERMERE]

between Carlisle and Newcastle is the link—I pause here just for a minute to make the point that not many people appreciate that Edinburgh is to the west of Carlisle. Once you start to realise that, the geography changes and the road changes. The great advantage of the A69 is that it is very rarely closed due to inclement weather such as snow or high winds, because there is not very much of a high area for it to go over above Greenhead. That is the one plus that it has.

I want to finish by returning to Cumbria. I declare an interest as a non-executive director of Sellafield. I want to raise the issue of transport and access on the west coast of Cumbria. Sellafield is the largest industrial site in Britain—it is probably the largest industrial site in Europe—with 12,000 people employed on the site. There is transport congestion for people trying to get there and get out in the morning and at shift changes. It is a real problem. But the problem is going to worsen dramatically. Hopefully, NuGen will get permission for the new nuclear power station, Moorside, immediately adjacent to Sellafield. Three reactors will be built and thousands of workers will have to travel there to build that plant, which will take many years. What plans does the Minister have to improve the A595, either north from the motorway or south from Carlisle? Something desperately needs to be done if we are going to make life tolerable and possible in that part of the world.

I very much welcome the Government's conversion on this, but hope that they will understand my main point, which was really reiterating the point made by the noble Lord, Lord Inglewood. The north is a whole. We have a large tourist industry, especially in Cumbria and the Lake District—I declare another interest as chair of the Lake District National Park Partnership—which brings billions of pounds in earnings to the region and sustains tens of thousands of jobs. If we are to be sustainable in the face of climate change, we need a proper rail link with Manchester Airport, and possibly Newcastle Airport, and much more co-ordination. For example, I believe that if you fly into Manchester Airport after 9 am, you cannot get a through train to Windermere in the centre of the Lake District. That does not make sense and we ought to be getting our act together in that respect. So I wish the Government well but they should not forget to look at the north as a whole. I would particularly welcome—not now necessarily—the observations of the Minister on how we are going to tackle the transport problems around the Sellafield area.

5.53 pm

Lord Bradshaw (LD): My Lords, I think it is appropriate to begin by congratulating the Secretary of State on being reappointed to the job. He has been in the job for about four years, I think. The previous seven years saw seven different Secretaries of State, which does not augur well for an industry that works in long terms.

The railways in the north are, as we have heard, a disgrace. One point I would make to the noble Lord, Lord Jopling, is that Grand Central provides a good and cheap service but does not pay anything like the price for the use of the railway that other operators do.

We have poor, outdated rolling stock, although it is kept in serviceable condition by the efforts of the maintenance staff of Northern Rail. We have old, dilapidated stations, unambitious timetables, poor connectivity and the service is thoroughly unattractive to those people who do not have to use it. I agree with noble Lords who have said that this would be totally unacceptable in the south-east because Ministers, officials and others do not have to use—and would not use—this kind of service.

There is a massive task and a great challenge ahead in recruiting sufficient civil engineers, electrical engineers and signalling staff, which will be one of the major reasons why schemes are postponed. There has been a lack of forethought in the country about the training of craft apprentices and engineers, both of which are needed in spades for a job of this size. What are the Government doing to enhance the skills base—this subject is being discussed in the Commons today—which underlines all that we are hoping to achieve?

Network Rail and Crossrail faced up to this by establishing training centres. Crossrail established a training centre on tunnelling at Stratford and Network Rail established a training centre at Portsmouth. Entry to these jobs—in the case of Network Rail, they recur every year—is oversubscribed. Plenty of people want to be trained but the capacity to do so is missing.

Other people have said that the railways is a long-term industry and that what we build now will last for a long time. Investing in such things will affect jobs, long-term population trends, willingness to invest, leisure and housing development. Appraising such long-term benefits is probably beyond the scope of the current tools used in appraising investment schemes such as WebTAG, which still relies on adding together lots of small time savings. When any network, road or rail, is overloaded, journeys are unpredictable. There is also a huge amount of suppressed demand which will flow on to any new road when it is opened.

I was horrified to see this week on page 33 of the *Northern Sparks* report, published in March, about the northern electrification, that losses of tax revenue to the Treasury count as a disbenefit to any public transport scheme. It is quite incredible that a country which aims to get people out of cars should immediately count it as a disbenefit if you take the train or a bus. I hope the Government will keep this under constant review.

The *Northern Sparks* report, to which I have referred, was drawn up by a cross-party group of MPs and local authority leaders. It sets out a plan with priorities for pursuing modernisation. Will the Government accept this as a basis on which we should build and set in course the necessary education and training? Underlying all this is a shortage of trained engineering staff.

I turn to the fines which are being imposed on Network Rail for underperformance. Is it reasonable for suicides and weather-related incidents to be blamed on Network Rail? Including these within the factors puts a bleak perspective on the company's work and it must be very bad for staff morale. The noble Lord, Lord Inglewood, referred to how British Rail may have been a bad term in the past, but I wonder whether Network Rail is now.

In discussing this with officials, people have said that the receipts for rail modernisation in the north will be low, and that is why the Secretary of State has been advised not to order any more diesel trains. However, I believe that he has ordered them, and perhaps the Minister will confirm that. I would also counsel against putting too much emphasis on the European Rail Traffic Management System and the digital railway because I believe that these will need a lot more development in a country with mixed traffic railways. You can make these systems work on single railways with only one type of train, but it is very difficult to make them work on a railway like ours.

Serious consideration needs to be given to the franchising process, using it as a means of stimulating investment and looking at the residual value of any investment by an operator, the value of which passes to its successor. An operator will not make the investment if there is no mechanism for realising residual value. I draw attention to the fact that the Chiltern line, which got a long franchise, has been one of the most successful and innovative lines. Lessons are there because people are arguing for short franchises to encourage competition, but in fact that does not fit well with the long-term nature of the industry.

The rolling stock issue around using old trains from the south has been a bit overplayed. With decent refurbishment, the electric trains going from Thameslink to the north will look almost like new trains before they go into service, and the fuss being made about the work on the old District line stock for use on lines in the north is, as I say, overplayed. The trains will be of an “as new” standard.

I have mentioned the fact that fares revenue is poor, but it will improve if we get rid of chronic overcrowding and if on-train staff can get along the train to collect fares. We will also create new markets by shortening journey times. We should not insist on outdated stopping patterns because they are a great disbenefit to other passenger and freight services. We must face up to the fact that some stations are little used. I do not say that they should lose their service, but other demands should at least be taken into consideration. Connecting new housing with employment will increase revenue, while probably the simplest thing is that regular integrated services between bus and rail are always attractive to people.

Northern Rail has an enviable record on creating community rail partnerships. To what extent are the Government encouraging these? I endorse the comments made by the noble Lord, Lord Inglewood, and reiterated by the previous speaker, that a lot of money is to be made through leisure reopenings so that people can experience the beautiful scenery which can be seen from trains. Of all the possible reopenings, the one from Penrith to Keswick could have a very beneficial effect on the impact of motor vehicle use in the Lake District. We have seen this on a small scale in St Ives where, with park and ride, lots of people can access a honeypot area other than by road.

That is all I want to say and I shall be interested to hear the Minister’s answer.

6.05 pm

Lord Smith of Leigh (Lab): My Lords, I start by declaring my interests. As you can probably tell, I am from the north too, but my main interest is that I am still leader of Wigan Council, which is a shareholder of Manchester Airport. It is clear that there has been a cross-party welcome for the Minister’s statement, for which I thank him. There are clear economic benefits to the north if we can get the transport system correct. The report from the RSA City Growth Commission, chaired by the recently ennobled noble Lord, Lord O’Neill of Gatley, and practical examples across the continent from the Randstad and the Rhine-Ruhr region show that these things are not just theoretical: they do work. If you get the right transport investment, you can change economic strategy.

I particularly welcome the establishment of Transport for the North. It is a really good idea because it brings together the Government and local authorities. I would like to try to assure sceptical noble Lords that northern local authorities have got together in a good spirit of partnership across the north. The title of their organisation, One North, gives a clue that they have moved away from the parochial thinking which has perhaps mired us in the past, and that we are working together. It is important that Network Rail is now engaged on a proper basis with local authorities. The Minister mentioned the Northern Hub and the need to end the bottleneck in east Manchester to help trans-Pennine trains. Some years ago, we in Greater Manchester had a meeting with Network Rail and they did not have a clue what it meant. We actually had to persuade them that it was a problem.

The northern transport strategy has three parts. Other noble Lords have mentioned HS3—the east-west link—and the HS2 leg up to Leeds is an important part too, as well as the Crossrail corridor. If my noble friend was looking for some cultural links, the noble Lord, Lord Clark of Windermere, gave him a clue. There is already a rugby league connection across the M62 corridor up to Cumbria and now, after the magic weekend, I can assure my noble friend Lord Beecham that it includes Newcastle too. Northern Rail recognises this because they sponsored a rugby league cup, which my own home-town team, Leeds Centurions, hold because they were the last winners.

People are concerned about high-speed trains and perhaps the clue is in the name. High-speed trains are not going to stop everywhere. Speed is important in reducing journey times and improving reliability but the main argument for a high-speed network is about capacity on trains. I once had the misfortune to travel from Hull to Manchester on a train that passed through Leeds in the middle of the rush hour. I do not know how they could get so many people on that train in Leeds and Huddersfield; they were absolutely packed on. I checked with the Health and Safety Executive and there are not really any rules about how many people you can get on a train. It is a potential disaster when all those people are packed on. The real capacity issue is not about trains, it is about the network. The west coast main line is inappropriately named: it was built not as a main line but as a series of different ones. It has been modernised and changed but the money

[LORD SMITH OF LEIGH]

ran out when the last major change was done at Watford, so that bit has never been done. The busiest piece of the line has never been touched. We need to make sure we have the capacity to take advantage of the fact that people are more likely to use trains now.

As well as land links, we need international connectivity. Manchester Airport has been owned by the local authority since 1986, although we took on a private partner recently so we could make an effective deal to expand into Stansted. We already have more international links to destinations than Heathrow, although they are not as frequent. We have more links to the USA, Singapore and Hong Kong. Confidence in the future of the airport is shown, as the Minister said, in the decision to increase investment by £1 billion. At the moment we have just about adequate rail links, which were built without much support from the department. We got them built and they work but there are some problems. Certainly, if we are to take advantage of the impact of the northern transport strategy across the north, we need to improve capacity. That is why a station at Manchester Airport on the high-speed line is crucial. I certainly agree that we need to consider the impact of passenger duty on northern airports and to make sure that we are not uncompetitive with airports in Scotland.

A number of noble Lords have made the point that the big schemes are important but we need to get local connectivity and access to the improved routes. Because they will not stop in every place, we need to make sure that that happens. We need to get underneath the main strategy for the north. There needs to be different transport strategies in the different parts of the north that link in, and we need to make sure that the links are used. In Greater Manchester, we had a bit of an innovation some years ago when we decided on funding transport collectively. We managed to get together a pot of about £1.5 billion. Schemes were put forward for the best part of £20 billion but we allocated funds based on the impact on the economy. That was a different way of doing it.

My home town of Leigh is said to be the largest town in the country that does not have its own railway station. It was not closed by the infamous Lord Beeching but because a motorway was built. It was decided that it was too expensive to build a bridge over the motorway, so the line was closed.

We need to explore some of the technical difficulties. I am not an expert on railways, unlike many noble Lords here. However, I know that there were two obstacles to the Liverpool-Manchester railway being built. One was your Lordships' House, which turned down the first proposal for that railway. However, it allowed the second route because the landowners did not object as it went across wasteland, Chat Moss, just to the west of Manchester. It was left to the engineer, George Stephenson, to determine how to cross Chat Moss. He had an amazing, innovative, cheap and effective solution. He floated the railway line across the peat bog on timber, brushwood and cotton bales. Of course, there were plenty of cotton bales in Lancashire, so he was okay with that. His solution has lasted for the best part of 200 years.

As a kid, I would cycle to Chat Moss where you can see the trains bouncing on the line because it moves up and down with the weight of the trains. Of course, the weight of the Rocket, which it was planned would take that line, was considerably less than modern trains. We need to make sure that the Stephenson solution continues to work. Our Victorian forebears built the links across the Pennines. They built the Summit Tunnel between 1838 and 1841. It is still going strong, but does it have the capacity to cope with modern vehicles in the number we will want?

I welcome the cross-party consensus that there has been today but there is a danger that it could break down if we do not get two things. First, we want to see progress. I get frustrated, as, I am sure, does the Minister, with the slow speed of the system. Our approval of railways is designed for the 19th century. It is not modern. We are still talking about how we get HS2 through Parliament and its ancient procedures.

In France a TGV link was proposed from Tours to Bordeaux at the same time as the idea of HS2 came up here. That link is now virtually finished and open, while we are miles behind. We have to become speedier than that. We want things to be done in a timely way; we do not want promises that are never kept. If it comes to it, the real key is to ensure that the investment is there. Noble Lords have talked about Crossrail and the ability of London to attract a large amount of money for its investments. Transport investment has been unfair and unbalanced. If we are going to rebalance our economy, we need to rebalance that transport investment so that the schemes the Minister proposes, which we all think are a good idea, are properly funded.

6.15 pm

Lord Berkeley (Lab): My Lords, I, too, welcome the Minister to his new role. I am sure that we will be having many debates; I look forward to some wonderful answers, backed up by the occasional letter if he cannot answer at the time. This debate is really good; it has shown that all the local authorities between Liverpool and Humber—all the places in between and round about—have got together, which must be a first. That is fantastic. Maybe it will be the driver for rebalancing investment in transport, particularly in rail. As my noble friend Lord Beecham said, the ratio is probably 100:1 against the north in favour of the south-east at the moment, which is just crazy.

Looking at infrastructure and connectivity both within the regions and to them, the first issue that we have to remember is that it will not happen without any great economic growth in this area, which of course we hope for. I think that the Department for Transport forecast is that rail growth, passenger and freight, will double in 20 years. I declare an interest as chairman of the Rail Freight Group. With all the ideas that noble Lords have come up with today, together with the congestion that we already see both on the network and within the coaches, which are too short and there are not enough of them, we have to remember that this congestion will double and therefore be twice as bad in 20 years unless something is done.

On the infrastructure, my experience is that the main lines to and from London have been upgraded over the years and are not bad but most of the other

ones are in different states of maintenance, or sometimes decay, and the speed restrictions are sometimes pretty slow. There are capacity constraints on those lines already. When it comes to more trains, you are going to get longer trains and you will probably want more trains to different places, so even before we start talking about HS3 there is an awful lot of work to be done. I hope that the Minister can tell us how that is going to be done by Network Rail, what the timing and costs will be and who is planning it.

Then of course there is the question of electrification, which several noble Lords have mentioned. That may be being delayed but the problem with electrification, which is a good thing, is that when you reach the end of it, either you have to change trains, which people do not like, or there is a new idea of a passenger train with what I am told is 2 million AA batteries in one end that drive it for the last stretch from Manningtree into Harwich. It is working; I do not know whether or not it is value for money or whether it would not be cheaper to put the wires up, but we have to think about all these things in looking at the rolling stock.

The other important issue that has been touched on is connectivity. It seems that some of the HS2 stations in phase 3 are being built in the middle of nowhere in the hope that there will be lots of economic regeneration there. That might be the case but we have to think about whether it is better for the trains to go into the existing station so that you get better connectivity, even if they are not going quite so fast and have a diversion around the side, which is what happens in most other European countries. You do not usually have stations on the edge to encourage people to drive there; the whole point of this is probably to reduce the car mileage that is used.

On the question of rolling stock, I share my noble friend Lord Snape's view that Pacers should be brought south to the Uckfield-Victoria line. I have said that before and I will say it again. More seriously, we have a problem. If electrification is late Members of Parliament and your Lordships will say that we were going to get new trains next year or before the next election and we will not be now. The only solution is more diesel multiple units. It would be very helpful if the Minister would tell us whether it is possible to build them within the new emissions limits. I do not blame Europe for this, because the emissions limits for rail diesel locomotives or diesel multiple units are still one notch lower than what most HGVs comply with. The industry has to comply; it says that it is very difficult to get the exhaust scrubbers to comply, but for whatever reason we need to know that new diesel multiple units can be ordered and built at a reasonable cost and comply with the latest rules. I hope the Minister can tell us something about that, because it is a very important element of people being able to have a reasonable journey—I hope sitting down, be it in a Pacer, the new District line trains with diesel engines that the noble Lord, Lord Bradshaw, mentioned, or whatever.

This will not happen overnight; we will not get new infrastructure overnight. It will take a long time, as my noble friend Lord Smith said in relation to HS2. We had the same argument when I was building the Channel Tunnel, because the French got permission in six weeks

and we took three years. My colleague in France said, "If you want to build things quickly, don't consult the Frogs". There we are. It will take time and we will need more rolling stock in the process.

I will say just a word or two on freight. I am very pleased that the people running northern powerhouse transport are looking very carefully at rail freight. I hope that that is a precedent that can be used elsewhere if this comes to any other areas. However, we need to think about its demands for capacity, for gauge to take containers and resilience for passenger and freight. It is very easy to say, "There's a track there; what happens if the thing goes wrong? You get on a bus". I do not think that that is acceptable now. It certainly is not possible for freight. Immingham is, I think, the biggest port in the country. There is only one rail track into it. Another one could resolve the problem, because they had a derailment there about a year ago and the port was nearly closed for a week. That is not good for our import/export traffic. It really does need looking at.

The east-west traffic mentioned by my noble friend Lord Prescott is a really good growing potential if there is capacity. Biomass is coming into Liverpool now to go to Drax, which will partly substitute the reduction in coal that we all know about. In looking at emissions generally and the need to take more freight by rail, new ideas are starting now for more deliveries to city centres by rail into passenger stations—that started in a trial into Euston—and also for putting freight on to passenger trains in what we used to call guard's vans on the 125s. It is already happening on the Midland Mainline between some of the cities in the north and central London for surprisingly new cargos such as medical samples—research into new drugs and everything—which they say is saving about three months in a year's trial before these drugs are allowed on to the market.

It would be good to look at putting in a rail service that could take piggyback traffic across the Pennines, rather than have them grinding up on a motorway over a hill, or, probably worse still, going into a long tunnel, with all the pollution that that causes. All those things need to be built into a logistics plan. I was pleased that the Minister talked about a logistics plan, which I hope will look at all these things in the round.

I welcome this structure very much and hope that it happens reasonably quickly. That leads me on to other structures. Last week, the Chancellor said that the Midlands was the "engine for growth". I do not know whether the engine is driving the northern powerhouse or the other way round; that was not quite clear to me. However, it does not really matter: the Chancellor has nailed his colours to the Midlands for, presumably, a similar project to the one we are talking about today in respect of the north. Therefore, I do not know whether we can have similar projects for other regions.

It occurred to me that one very important region which could do with a bit of help is Cornwall, where I live. I know that the noble Lord, Lord Teverson, comes from there as well. The economy there is not good. The expenditure on rail is only £41 per head, which is probably even lower than everywhere else. Passenger rail traffic is growing but we are still faced with a lack of resilience on the Dawlish section of the

[LORD BERKELEY]

railway. It is a very beautiful section but it gets closed occasionally. Network Rail did a very good job in reinstating it but it will never have the resilience of the rest of the network due to the presence of a very high hillside there, and it is structurally unstable. Given that more than 2 million people rely on one non-resilient railway line, something needs to be done. What is the Government's position on this? Network Rail came up with options for a tunnel or reopening the Okehampton-Tavistock line, which would open up access to the railway for much of the population of Devon and north Cornwall. In fact, this week the CPRE has argued a persuasive case for "un-Beeching" the south-west railway line. I do not think the relevant report was drawn up for our debate, as it concerns the wrong end of the country for the purposes of this debate, but it is worth reading. I hope Ministers will take it seriously.

I wonder whether the Prime Minister would be keen to improve the connectivity of the south-west because he goes to Cornwall quite often. Indeed, his wife had a baby there. He clearly loves Cornwall and did a lot of campaigning there before the election, with very good results for him. He is so keen on Cornwall that last year, when he was in a café eating a sandwich and a seagull is reported to have removed it, he immediately offered a quarter of a million pounds to initiate a programme of seagull genocide. If he can do that, he really must love Cornwall. Perhaps it is time for the Government to make Cornwall the second or third hub—that is, a south-western hub—as everybody else seems to be getting one.

6.27 pm

Lord Shipley (LD): My Lords, I thank the Minister for giving us the opportunity to have this excellent debate. A very wide range of issues have been covered and I hope he will be able to reply to all of them when he replies to the debate. However, some of those replies may, understandably, need to be in writing.

I acknowledge and welcome the Government's focus on the north. It matters greatly that both Whitehall and Westminster and those of us who live and work in the north of England think in a pan-northern way. I also acknowledge the achievements of the previous Government and the intentions of this one, which are in truth built upon what the previous Government set on its way. However, it is only a start. In the course of this year we need to ensure that the structure is properly in place for Transport for the North to be a single body with a single agenda, and that the problems and opportunities are understood and shared by all partners, and then that the real outcomes should start to be delivered.

There has been some discussion about what the northern powerhouse is and where it is. Cumbria has previously been absent from the debate. The noble Lord, Lord Inglewood, will be pleased to know that I have noted in my script that I should mention Cumbria and its importance as one of the first places you have to remember is in the north of England, not least because of its huge tourist industry. It is important that we do not think just in terms of the large core city regions but also include Cumbria, the Humber, Lancashire, Tees Valley, North Yorkshire and East

Yorkshire. Indeed, the Chancellor himself, in a recent speech in Manchester, defined the northern powerhouse, as I recall, as covering the whole of the north of England. As we have been reminded in this debate, it is about not just transport investment and connectivity within the north of England, but how we connect to the east Midlands, West Midlands, the south-west, Scotland and London.

There were two things that the Minister said that I would like to comment upon. The first refers to the suggestion that there might be a decision to bring forward HS2 extensions around Leeds and linking Leeds and Sheffield. If that happens, will the context of that decision also look at the north-east of England? There is a need to speed up trains on the east coast main line between Northallerton and Newcastle—I recall in a previous debate on high-speed rail that the noble Lord, Lord Faulkner of Worcester, explained how east coast main line trains could be sped up between York and Newcastle. Given that the north-east of England will have some high-speed rolling stock, although not tracks, it is important to look at it holistically. The second was that, in terms of investment, it is good news that the Government are investing so much more in infrastructure in the north of England. Even with that, however, we should not forget that the imbalance between investment in London and the south-east and in the north of England is very wide indeed.

We have had a helpful debate—a lot has been said about Pacers, with which I concur, and about ports. In discussing Liverpool and Immingham and Humberside, let us not forget the role that Teesport and the Port of Tyne—both of which are expanding fast—have made and, therefore, the connectivity for freight purposes with those east coast ports. There was discussion on the A66 and the A69. I am one of those who believes that it will prove essential to dual both those roads, though of course that relates to the dualling of the A1, particularly for the Scottish freight traffic coming down, some of which at present uses the M6 and the A69 to get to the Port of Tyne, while some uses the M6 and A66 to get on to the A1(M). There may need to be further research or work on the order in which they should be done, because they cannot all—or at least the A66 and A69 cannot—be done at the same time.

We have heard a great deal about air passenger duty and the no-detriment principle to airports in the north of England and I subscribe entirely to that. We have heard about the crowding of the trans-Pennine route—I can personally attest to much experience of problems caused by crowded trains—and the timetable for electrification of that route, which needs an urgent answer. On terminology, we sometimes refer to east-west routes as HS3—that is what the idea was at its birth—but I think that it has been converted into the term "trans-north". By its very nature—high speed—HS3 would not stop at many stations; trans-north is what we actually need and I hope that, in future, we will always talk in terms of trans-north, because it can stop at many more places.

One issue that stuck in my mind, which came from the noble Lord, Lord Kerslake, was on strategic planning with HS2 and HS3 and the location of the Sheffield station. I do not want to comment because I am no expert on whether the HS2 station should be four miles

outside Sheffield or in the centre—others will examine that in greater detail—but I cannot understand our national strategic planning, which has an HS2 station four miles outside Sheffield but HS3 using the city-centre station. Of course, we have the same problem at Heathrow Airport, where HS2 will stop at Old Oak Common and join Crossrail but the link to Heathrow Airport will be a spur line. I seriously miss that strategic planning. I have said previously in your Lordships' House that I could not understand why we had a roads strategy and a rail strategy but not an integrated transport policy for the country. I really think there is evidence now.

I turn briefly to the A1 and the dualling of it in north Northumberland. *The Northern Powerhouse* report reminds us on page 24 that we are going to have:

“34 miles of continuous Expressway”,

in Northumberland. But it goes on to say on page 26, in the list of schemes that will be developed for beyond 2020, that there will simply be an initiative to,

“examine the case for further extensions of the dualling of the A1 to the Scottish border”.

The A1, by its very name, was one of the very first trunk roads to be built, linking London with Edinburgh. It is going to be one of the last trunk roads to get dualled. I have come to the conclusion that this is in part a function of its distance from London. Seen from the perspective of Scotland and the north-east of England, it really is not good to have the disparity that such a major road has not got a clear plan to be dualled all the way through to Edinburgh. If the Minister cannot reply in this debate, I hope he will look carefully at the timetable for the dualling of the A1 and exactly what is planned, with some real dates that will be maintained. I look in particular for his confirmation that the announcement that was made a few weeks before the election that part of the route through Northumberland will be dualled will be adhered to.

In my final couple of minutes, I would like to say something about air connectivity. We have heard a little on this matter from the noble Lord, Lord Smith of Leigh, but not otherwise. For me, it is a pretty central issue. If the northern powerhouse is going to succeed, it needs to be more than just an exercise in rhetoric. I will take air connectivity as an example. If northern cities are to thrive, they need global connections. Across the north several airports have been locked out of Heathrow or have seen their routes deteriorate. Passengers cannot take a connecting flight from Heathrow to Merseyside, Teesside or Humberside, and if they wish to fly to Leeds they have only two flights a day to select from. In 1990 there were 18 UK cities with connections to Heathrow. Today there are just seven.

As the noble Lord, Lord Smith of Leigh, reminded us, it is true that airports across the north of England have had great success of late in growing direct routes to Europe, the Middle East, the Far East and the eastern seaboard of the US. But connecting to major and secondary cities in Asia and the Americas—the cities that are forecast to be the engines of global prosperity for the next half-century—will always remain an ambition too far for local demand alone to sustain frequent flights. I have concluded that access within the UK to a hub airport is essential.

I will conclude by going back to the principles underlying this debate. It is about devolving powers and responsibilities. It is also about capacity and money. It means that writing wish lists to government must become a thing of the past and that priorities should be defined, shared and agreed so that everyone knows what those priorities are and where the cash is coming from to pay for them. For example, 40 years ago, I well remember the opening of the Tyne and Wear Metro. It needs significant capital investment, not least in the train fleets, which are getting old. As a case study, it would be helpful to know what the plans are for funding that and how the funding will be guaranteed in the context of devolution.

I will stop at this point but thank the Minister again for enabling us to have this debate. There is a huge amount of detail and I look forward to hearing the Minister's replies, either now in his response, or in writing at a later date.

6.40 pm

Lord Rosser (Lab): The Minister, whom I welcome to his first major transport debate, has painted a glowing picture of the transformation of the north of England which it is hoped will occur as a result of extensive projected transport improvements for passenger and freight traffic—primarily, but certainly not exclusively, rail services. A large number of points have been raised and questions asked in a series of fascinating and thoughtful contributions based on considerable first-hand knowledge and experience.

The objective according to the Government's report some three months ago on the northern transport strategy is to create a single economy across the north, or, to use the words in the report:

“Our strategy is about using transport to aid change in future patterns of land use and economic growth, with the goal of creating a single economy in the North”.

No specific, single definition is given in the report of what a single economy across the north actually means. How, therefore, will anyone know exactly what is being sought and how will it be possible to say, at some stage in the future, whether it has or has not been achieved? Does a single economy across the north have the objective that gross value added will be the same across the different city regions in the north? Does it mean that levels of pay will be the same for similar jobs? Does it mean that levels of investment will be similar across each of the city regions? Does it mean that job opportunities will be the same? Does it mean that social inequalities will be narrowed? What exactly does it mean? No doubt the Minister will tell us in his reply and perhaps also say whether the Government think that, from the point of view of those who live there, London and the south-east, with its many different economic hubs—Croydon, Harrow, Brighton, Stratford, Rochester and Chatham, Reading, for example—is currently a single economy in line with the use of the term in the Government's 2015 report on the northern transport strategy.

I suspect the phrase is, in reality, a bit of jargon for saying that city regions in the north should be looked at together and as one when it comes to major economic investment, planning and infrastructure decisions and that, as a result of doing this, it is hoped that economic

[LORD ROSSER]

growth will be greater than would otherwise be the case. The Government have come to the conclusion that if the northern economy grows in line with official forecasts for the average across the United Kingdom between now and 2030, its GVA, or gross value added, will be £56 billion higher in nominal terms, or £44 billion higher in real terms, than if it grows at its historic average.

What proportion of this potential increase in value would be dependent on improved transport links of the kind proposed is not clear. Indeed, there is not yet a proper economic or cost-benefit analysis of the differing proposed new or improved transport links in the documentation currently available. No doubt the Minister will tell us the Government's intentions and what the timetable is for providing this information. The documentation also does not identify, for example, what journeys will be made possible that cannot be made today or what the economic impact of this aspect of improved transport infrastructure will be.

The Government's report talks about significant improvements in both the speed and frequency of rail services between the city regions and city centre to city centre, and improvements in the east-west road network. However, the report, which implies that London and the south-east is the gold standard, does not make it clear whether, in terms of speed and frequency, rail services in London and the south-east and the main road network are regarded as the level to be aimed for between the northern city regions; or whether rail links and the principal road network in London and the south-east are likewise regarded by the Government as a drag on economic growth in that part of the country as well.

Earlier this week, it was reported that less than 50% of Southern services carrying passengers from south London, Sussex, Kent and Surrey arrived on time in the first three months of this year, albeit that the major works at London Bridge would have had a big impact on this figure. The March 2015 report on the northern transport strategy refers to the importance of:

"Better commuting opportunities to the centres of economic activity".

Are the commuting opportunities in London and the south-east regarded as the goal which the city regions in the north should seek to achieve, or are we talking about providing rail services which will be significantly better in speed and frequency than those in London and the south-east?

The Government's report is pretty thin—three pages out of 41—when it comes to improving commuter journeys in the city regions in the north, since it seems geared more to transport links between the city regions than to improving transport journeys for commuting, educational and leisure purposes to and from the suburbs and hinterland of each city region. That omission no doubt explains why the report is largely silent about improvements to bus services, both between and within city regions. Even in the three pages entitled "Our Plan for Local Connectivity", the word "bus" appears just three times. There are no specific new or improved future local transport developments identified in those three pages for any of the city regions in the north.

It is fine to seek to improve transport links between our northern cities, but encouraging the development of new business and attracting it is not just dependent on the speed and frequency of city centre to city centre journeys. It is dependent on how easily people can move around within those city regions, to and from their places of work or education. What are the Government's intentions for providing new suburban rail and metro services or new tram links and fast busways, for example, within the city regions? Not much has been said about this key issue, so is it the Government's view that existing transport links within the different northern city regions are as good as they need to be, and that they will be able to meet the presumably increased demand levels if, and when, the improved transport links between the city regions set out in the Government's March 2015 document have been delivered?

Neither does the report even touch on the levels of financial support for the construction of the improved transport links or for their operation once constructed. It is no good having improved transport links if the fares have to be set at levels which deter people from making the journeys that would achieve the increased mobility between the different city regions in the north, which appears to be a key objective of the strategy. To do this means that expenditure has to relate to providing the infrastructure for projected levels of travel during the peak, which will impact on costs. To what extent do the Government expect improved transport links to be self-financing, as opposed to financially supported? Is it intended that the level of subsidy will be similar to that in London and the south-east, including in particular that for bus services in London?

While there is clearly much merit in improving rail links between the city regions in the north, one hopes that when it comes to any new high-speed routes, the process will be handled with a little more sensitivity than it has with at least some parts of the HS2 route. The Government's March 2015 report talks about the option for a new high-speed line between Liverpool and Manchester, with a connection to the proposed HS2 network, a new trans-Pennine road tunnel and an,

"option ... of creating a new rail alignment between Manchester and Sheffield".

It also says that:

"All options for moving towards the 30 minute",

rail journey between Manchester and Leeds are being considered. We are having this debate during a week when very strong representations are being made to the Commons HS2 Select Committee on the adverse impact on the lives of residents in some parts of the London Borough of Hillingdon—close to where I also have a house—of the construction of HS2 and the continuing likely impact once the line is open on its intended route. It will also result in the almost certain end of a major outdoor activity centre, used mainly by young people, that provides opportunities to experience sailing and rowing, since the HS2 route goes right across the middle of it. Whether the Department for Culture, Media and Sport is in reality lifting a finger to try to save or, more realistically, relocate this important facility, is far from clear.

The reason for making this point—and it is being made by someone who supports HS2—is that, if you do not work hard to address the concerns of those who feel directly threatened by a major new transport project, you will get legal action, lengthy challenges and delays, and negative publicity for the project as a whole. People faced with upheaval on their doorstep from the construction of a major new transport link that will provide no benefit to them—if it is a high-speed rail link, there is to be no nearby station that will enable them even to use the new line when it is completed; alternatively, if it is a new motorway link, there is no nearby junction giving them access to it—are inevitably going to view it all in a negative light. Serious consideration needs to be given to mitigating significantly the adverse impacts. A perceived attitude, whether fair or unfair, of a lack of concern about the impact on those most affected on the part of the body responsible for the planning of the project and public consultation only makes the situation worse. I hope that such points will be borne in mind in considering major new transport projects as part of the northern transport strategy.

At the moment, the Government's northern transport strategy is not much further advanced than the proverbial back of a cigarette packet. As the report itself says, it is a vision and, at present, nothing more. The solid, researched analysis to support it is not there; nor is it even a vision for a total transport plan for the city regions of the north, since transport within each city region is effectively ignored, even though it is the part of the transport system that is most used. One assumes that the Government will seek to rectify this somewhat glaring omission, since one of the objectives of the new single body, Transport for the North, is stated as being to ensure that national and local bodies can work together. Can the Minister confirm that the reference in the report to the Government making,

"a multi-year commitment of funds to transport in the North", includes funds for improving the transport infrastructure and services within each city region as well as between city regions—or is it the Government's intention that there will be a demarcation line in financing and decision-making between transport links between city regions in the north and transport links and services within those city regions?

Having said that, we welcome the broad intentions and objectives for improving transport in the north, as set out in the strategy or vision. No one can be opposed to improving transport links, which makes economic and social sense and is also intended to improve the quality of life of all parts and sections of the community. Only time will tell the extent to which the intentions and objectives of the northern transport strategy are achieved. It will be determined by the amount of money made available, and public sector-led investment over each of the next five years by this Government will be not much more than half what it was six years ago under the then Government. It will be determined by the levels of co-operation between the different authorities and bodies involved; the thoroughness with which the economic appraisals and cost-benefit analyses are undertaken, to ensure that future investment is made where it will provide the greatest benefit, whether economic, social, or both; the extent to which people in the northern city regions

feel that the proposed improved transport links will be of direct benefit to them, their standard of living and their quality of life; and the extent to which they can actually influence the decisions that are made as opposed to decisions being imposed on them.

If the northern transport strategy can play a part in bringing a better balance to the economy of our nation, it will achieve something worth while. But we need to remember that a "vision", which is not much further advanced than just that, does not constitute a strategy that has yet been fully thought through or that will definitely be delivered, however desirable that vision may be.

6.53 pm

The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon)

(Con): My Lords, I thank all noble Lords who have taken part in this very extensive debate. We are three hours in since the debate commenced, which reflects the depth of knowledge, expertise and wisdom expressed during the debate on a very important issue. We have been talking today about transport for the north, and it was the right reverend Prelate the Bishop of Derby who said that he felt like an interloper. Imagine how I, someone from Wimbledon, feel talking about transport for the north. Nevertheless, we always seek to establish our true credentials. On transport, I am the son of a gentlemen, who when he arrived in the 1950s, was very much up in the north, in Glasgow, and was a railwayman. He went on to complete his career in the aviation industry, so perhaps something has been passed on from my dear father in terms of my standing here in front of noble Lords as a Minister for Transport.

We have discussed something very important. The noble Lord, Lord Rosser, talked about some of the challenges. He feels that the report does not outline the plans in detail. However, before you bring any strategy together, you need to have the vision, so let us not knock vision. He said that buses are mentioned only three times. Perhaps that is his experience of waiting for a bus because they say three come together—not that I am saying that that was the basis of the report. The report outlines connectivity not just in our transport system. Several noble Lords, including the noble Lord, Lord Smith of Leigh, spoke very eloquently about the importance of partnership in terms of local councils, the private sector, the Government, Transport for the North and all interested parties coming together to ensure connectivity in partnership to deliver connectivity in transport. Therefore, I think we need to be encouraged. I appreciate the fact that many noble Lords alluded to the positive nature of the Government's strategy and its statement of intent.

Various noble Lords mentioned my predecessors. I pay tribute to those who have laid the basis for transport in the United Kingdom. In my opening speech, I alluded to the noble Lord, Lord Prescott. I see the noble Lord, Lord Adonis, in his place. I believe my private office will be in touch with the noble Lord about discussing issues of mutual interest. I hope noble Lords will appreciate that when I took on this responsibility, one of the first things I did was to meet the noble Baroness, Lady Kramer, to ensure consistency in the handover in the approach to important strategic

[LORD AHMAD OF WIMBLEDON]

issues and decisions that we need to make. I am not daunted, but I respect the fact that many noble Lords sitting in this Chamber have fulfilled the Transport Minister's role in various capacities with great aplomb. If I achieve half of what they achieved, I will be a happy man.

The issue we have discussed today is important. The right reverend Prelate the Bishop of Derby talked about connectivity in the north not being exclusive. I share that. He talked about how industry in the Midlands has been a big success story. It is important that in anything we do there is connectivity across the country. Certainly that is what we are seeking to achieve with our strategy. I assure my noble friend Lord Inglewood that we recognise that there has to be linkage across the board in transport connectivity and that for the northern franchise we have specified better services, extra trains, retimed trains to serve shift patterns at Sellafield and train services that operate the full length of the Cumbrian coast on Sundays by December 2017.

The noble Lord, Lord Rosser, talked of the report. I note his genuine concerns about the facility at Hillingdon. I assure him that we are looking very closely at that challenge and the land that is being acquired. The March 2015 report set out the Government's aspiration in terms of working with our partners and connectivity in the north. The appointment of a chairman and its governance will bring the whole issue together in a more effective way. Subsequent reports will set out further proposals across the various modes of transport, and I ask noble Lords to bear in mind that this is the first step in ensuring that we deliver effective connectivity across the country.

We all recognise that transport is one of the most powerful tools. Decent transport does not just get people around but helps them get on and opens up opportunity for business and people. It provides access to education and jobs and connects businesses with customers whether the markets are in Bradford, Birmingham or Brazil. Therefore we will use transport to make transformation in the north a reality, with unprecedented investment in roads and rail, and with a clear strategy for aviation, ports and freight. The noble Lord, Lord Prescott, asked about the report on freight. I can tell him that, working with TfN, we intend to deliver that report in March 2016.

Moving forward, various issues, understandably, were raised about rail. In the time I have I will seek to answer some if not all of the questions. If I have not covered something in my responses today, I will write to noble Lords and copy in those who have participated in this debate, and will of course place a copy of my response in the Library. Nevertheless, I will seek to address some of the issues.

Several noble Lords—the noble Lords, Lord Woolmer, Lord Shutt, Lord Faulkner, Lord Snape and Lord Berkeley—all talked about the east-west rail integration and the delay to electrification. I assure noble Lords that we are committed to transforming the north through £1 billion of investment in electrification of the Northern Hub. I have of course noted all noble Lords' concerns about the possible delays that have been alluded to, and if I can provide any further information in that respect I will do so in writing to all

noble Lords. I assure noble Lords that we do not take this lightly; it has been made quite clear that the electrification issue is a priority, and we will seek to move forward on that at the earliest opportunity. I also pay tribute to my ministerial colleague in another place, who has been mentioned: the Parliamentary Under-Secretary of State for Transport, Andrew Jones, for his work as chairman of the Northern Electrification Task Force. I am sure that as someone who has worked on the issue, he will be very much at the forefront of ensuring that the issues he raised in his report are brought to the attention of all concerned.

On train capacity, the noble Lord, Lord Smith, asked a specific question about legal limits on the number of passengers who can travel on a train. I am advised that trains are designed to operate safely and effectively to their own capacity, and that there is no such legal limit on the number of passengers. We understand that passenger overcrowding is an issue, which is why we are investing in increasing capacity in that important area, to which several noble Lords alluded.

The noble Lord, Lord Smith, asked about building HS2 faster. In a debate on connectivity, it is quite interesting that we are all talking about transport and improving its speed. One thing I can certainly take away from this debate is that it is not just about the delivery of speed with regard to ensuring that we have faster trains and connectivity, but about the speed of decisions. That point was well made by several noble Lords. We are of course committed to getting to the north sooner with regard to the HS2 development, and we are still working towards the opening of phase 1 in 2026.

The noble Lord, Lord Kerslake, raised the issue of Sheffield city centre. He is quite right to say that no decision has been taken yet, and the Secretary of State will announce the way forward on HS2 phase 2 later this year. Again, I noted some of his comments and concerns. He asked specifically about a meeting, and I will certainly bring that to the attention of Robert Goodwill, who is the Minister for HS2, to see if that can be arranged at the earliest opportunity.

The noble Lord, Lord Snape, raised the issue of manned stations and driver-controlled doors on new franchises, and also mentioned sending certain types of trains to Wimbledon. I must admit that if that was to happen, I am sure it would raise an eyebrow or two among the good people of the south-east and indeed Wimbledon. However, I am always inclined to think, when we look at replacing certain types of trains, that history is terribly kind, and that 10 years on they will probably become iconic pieces people will want to own, which will no doubt appear somewhere around the world on auction sites. We shall wait and see. On the specific issues he raised with regard to manned stations, it is important to note that staffing is a matter for the train operator. However, we are not specifying any staff cuts in the franchise, and we have emphasised the value of customer-facing staff on the railways. We are also giving drivers control of doors. Such control has been safely in operation on parts of the network for nearly 30 years, as I am sure the noble Lord knows. It also frees up on-board staff to provide the high levels of customer service which passengers expect.

The noble Lord, Lord Shutt, asked who is writing the northern transport strategy. As I said earlier, it is very much a question of partnership and of people coming together. As the noble Lord, Lord Smith, pointed out, everyone is aiming to ensure that the strategy, both in terms of writing it and in terms of Transport for the North, brings together all relevant partners. As I have already said, the Government will announce the way forward on phase 2 of HS2 later this year.

The noble Lord, Lord Beecham, was a bit concerned about whether certain transport deliveries would take place in his lifetime. I wish him well for a long and healthy life, and I pray for that too. He talked, in particular, about Highways England. He referred to it as the Highways Agency but I am sure he knows that the name has changed to Highways England. It is supported by the Government's road investment strategy, and we have committed £2.9 billion to investment across the north by 2020-21. This is also reflected in our partnership with TfN.

My noble friend Lord Jopling mentioned the various experiences that he has had of different road networks. It was interesting that he referred to the M1. It reminded me that the Secretary of State himself spoke to me about travelling on the M1. Like all of us, he asked why there was a particular delay and why the speed limit had been reduced. It is important for Highways England to look at how it can inform the public more effectively.

I turn to specific questions about the M1. It will be upgraded to a smart motorway between junctions 32 and 35A and between junctions 39 to 42 to enable hard-shoulder running. The impact of current improvements on the M1 is also being assessed.

The noble Lord, Lord Shipley, talked about dualling on the A1 and I will come to the specific date for that in a moment. The noble Lord and my noble friend Lord Jopling also talked about the roadworks on the A1 around Gamston airfield being delayed. The noble Lord alluded to various factors which contributed to the delay. The contract is between Highways England and the contractor, and that means that the contractor will have to absorb a significant share of the cost increase.

My noble friend Lord Jopling and the noble Lords, Lord Clark and Lord Shipley, all raised the purpose of the northern trans-Pennine study. It is intended to look at upgrading either the A66 or the A69, or both, from the A1 to the M6, taking into account traffic demand, safety and resilience along these corridors. My noble friend talked about things being thrown into the long grass. It will not take that long—I am assured that the report will be ready by December 2016.

The noble Lord, Lord Prescott, raised an issue concerning the A63. My understanding is that Highways England's delivery plan gives an anticipated start date for the work of 2016-17, with completion planned to take place by 2020-21.

The noble Lord, Lord Clark, asked about plans to improve the A595. This is an important route from west Cumbria and Sellafield, and it has been considered as part of the general upgrade. Highways England

will consider the road as part of its next set of route strategies, which will inform the next road investment strategy.

I alluded earlier to a question asked by the noble Lord, Lord Shipley, concerning the A1. The upgrade of the A1 will be completed to provide a continuous motorway between London and Newcastle. North of Newcastle, investment will bring the A1 up to modern dual carriageway standard as far as Ellingham, creating 34 miles of continuous expressway. This will be done within the next five years.

I turn to comments about the Pacer. This was an education for me. I must admit that I have not been on a Pacer but I have seen a photograph of it. Someone described it as a bus on tracks. It could be iconic—you never know; I would put in the bids now. However, I can confirm that Pacers will be replaced by 2020 and that at least 120 new carriages will be introduced.

The noble Lord, Lord Bradshaw, raised the issue of skills, which is a specific area in my portfolio of responsibilities for transport. It is important that we look at skills. Transport infrastructure will be a key part of the overall infrastructure of delivery over the next 20 to 30 years and it is important that we invest now and look at our schools, colleges and universities to ensure that we have the skill sets to deliver the engineering requirements and in other areas as well. In this regard, the HS2 skills college has been created, with two colleges, in Birmingham and Doncaster. I am hosting an event next week celebrating women in engineering. That will, I hope, act as a catalyst to attract more women into the field of engineering.

The noble Lord, Lord Bradshaw, also raised issues specifically about investment in skills and asked for further details on that. I will write to him in that respect, if I may, in the interests of time.

Various noble Lords raised issues about connectivity and aviation. I have talked previously from this Dispatch Box about the importance of regional connectivity through our airports in the north of England. The investment recently announced for Manchester, of £1 billion over 10 years, is reflective of that. It is important to ensure that our transport networks, be they rail or road, support that element.

As ever, the noble Lord, Lord Berkeley, raised several issues on a wide range of concerns that he has, and quite rightly so. I welcome his general expression of support for the Government's strategy. If I may, I seek his indulgence on the specific questions that he raised and, within a reasonable timescale as he stated, shall seek to write to him in that respect.

I trust that I have covered at least some of, if not all, the questions that have been raised today. As I said, I will seek to write to noble Lords in respect of those questions that have not been covered once we have reviewed *Hansard*.

Some people perhaps say that the country cannot afford to invest in large infrastructure projects. Let me assure noble Lords of the truth: we cannot afford not to. Yes, we need to be bold and ambitious; only then will we be able to put right the transport problems that we face and that have gone on for far too long in the north of the country. Ultimately, only then will we

[LORD AHMAD OF WIMBLEDON]

unlock the full economic potential of the region. If we want to build a new northern powerhouse, a north that can once again innovate, compete and outmatch the rest of the world, we need to invest in a modern, reliable, effective and efficient transport system. Roads, railways, ports or airports—they all provide excellent local, national and international links across the north. That is what we are committed to.

I will finish by quoting the noble Lord, Lord Prescott. He said that it is all right to talk but it is time to get on with it. We aim to do so. That is what we are committed to and that is what we will deliver. I thank noble Lords once again for their contributions.

Motion agreed.

Defence: Budget

Question for Short Debate

7.13 pm

Asked by Lord Sterling of Plaistow

To ask Her Majesty's Government whether they consider that the current defence budget is sufficient to enable the Armed Forces to meet the needs of the United Kingdom's long-term foreign policy.

Lord Sterling of Plaistow (Con): My Lords, may I say first how much I appreciated the help and advice of the noble Lord, Lord Ashton, as Defence Minister in the last Parliament? I am delighted that my noble friend Lord Howe, our new Defence Minister, is going to continue the special briefings at the Ministry of Defence that many of us have found hugely useful over the years.

I am particularly grateful to have been given this opportunity to have an early debate on defence in advance of the Chancellor's Budget on 8 July. I take it as rather a compliment that senior Members of the other place involved in defence have come here today because they are interested in this debate.

I understand that the new strategic defence and security review will be most thorough. I was very involved in the last review in 2010, which frankly turned out to be purely a cost-cutting exercise. The press has indicated that there will be a further cut this year of some £500 million, but I have no doubt that, in aggregate, this figure will turn out to be considerably higher. I fully understand the short-term expediency; nevertheless, I hope that this is not a strong indication of the Government's approach to the long-term strategic requirements of the Ministry of Defence.

Many in this House and in the other place have been concerned for several years that the budget for the defence of the realm is inadequate to meet the needs of this country's declared foreign policy, which was reiterated in the gracious Speech. Of late, this concern has undoubtedly accelerated and those in government must accept that the strength of feeling emanates from those who have considerable experience and knowledge of the subject and should not be taken as superficial observations.

A debate on defence and security cannot be held in the abstract. We have to consider the context—the full circumstances in which we find ourselves; the risks, the opportunities and all the Government's wider ambitions and objectives, particularly in relation to foreign policy.

There are four crucial elements to that context now. The first is the Government's commitment to a renegotiation of this country's relationship with Europe. That is an election pledge and success depends on finding a truly new point of mutual advantage between ourselves and our European partners.

Secondly, there are unresolved conflicts around the world in many of which we have an interest, individually and as part of wider groupings, particularly NATO. As the Conservative manifesto said, the first duty of government is to keep us safe—and there is certainly no shortage of threats to that safety. In the Middle East there are unresolved conflicts—Iran, Iraq, Syria, Yemen—and also in north and west Africa, where we have a great commercial interest as well as a partnership with other EU member states. Then there is the development of international terrorism, which has roots in the Middle East but which has an impact that goes much wider and can hit us here at home. There is also, of course, the renewed hostility between Russian and the West, exemplified by what has happened in Ukraine. Afghanistan and Pakistan are still viewed with great concern, and China's ambitions in the China Sea in relation to her neighbours are more than worrying.

The third element of the context is the surge in the humanitarian challenge caused by risks such as disease and forced migration. We cannot isolate, or wish to isolate, ourselves from these risks and our Armed Forces play a key role in these situations—hard power exercising soft power.

The fourth factor is the crucial need for financial strength, which is fundamental in order to achieve the first three. Reduction of the deficit and the full and sustainable re-establishment of a secure macroeconomic framework will give us that long-term strength. No one supports this view more than I do. Unfortunately, ring-fencing of government departments creates major distortions in the budget of those not ring-fenced and has the effect of losing the flexibility that one in management in organisations outside of government would always wish to retain. Indeed, the worst example is enshrining the DfID budget in law. There are areas where I certainly believe the utilisation of soft power is both worthwhile and morally correct and right, but there is much that I would heavily question.

Given all these factors, a clear, constructive, long-term defence policy, backed by an assured commitment of resources to the Armed Forces and underpinned by a modernised, long-term relationship with our defence sector is of key importance. In Europe, powerful, practical assistance on defence and security is the thing we can offer as we negotiate a new relationship. History has made some countries in Europe wary of all military activity. That is totally understandable. Others lack the necessary experience and capability. But Europe needs to be defended. It needs to be secure, internally and externally, and we are in a unique position to help. We are not in the euro but,

through defence co-operation, we can make a contribution to Europe which few, if any, others can match. Our history is such that we can build on our unique historic relationships with the Commonwealth, the United States of America and Asia, but we must have the long-term resources to do the job.

That does not mean intervening everywhere. It means retaining and using the ability to help others to help themselves. It means that first-class hard power has the effect to deter potentially hostile action by others and to provide help and assistance when it is needed. The quality of our hard power is of crucial importance to having the flexibility to deal with the unexpected. Without doubt, history teaches us that.

Although the Chancellor has stated publicly that the Royal Navy will be the, “most modern navy in the world”,

that still begs the question: what size should the Royal Navy be—or indeed the Army and the Royal Air Force—in order to meet the expectations of our foreign policy? Well-targeted defence spending can help sustain the very welcome recovery in the economy right across the country. The Chancellor has spoken eloquently about the northern powerhouse. I agree with him about the need to spread prosperity beyond the Home Counties. Nothing does that more effectively than the defence sector, which is the source of tens of thousands of highly skilled jobs in places such as Barrow, Derby and Warton.

May I reiterate what I said recently? The report commissioned by Professor Nick Butler and myself and produced by the Policy Institute at King’s College London a few weeks ago clearly shows that defence spending in this country has a strong multiplier effect. The best available evidence suggests that for every £100 spent, £230 of value is generated. As the King’s report says, defence spending is an undoubted benefit, not a burden.

Investment in defence gives us the ability to develop and produce leading-edge technology in a whole range of fields, from unmanned aircraft and command and control systems to cryptography, thanks to great collaborative work between people working in companies, the armed services and universities. That technology enables us to defend ourselves without being dependent on imported technology over which we might not have ultimate control. It also enables us to develop and sell products, earning export revenue, and again sustaining highly skilled jobs.

Ultimately, this is all about people. We are most fortunate to have the finest of our young people being prepared to serve our country, and indeed if necessary to pay the ultimate price. Through *Motability* I often see the sadness of those whose lives and whose families’ lives have been changed for all time. *Morale*—a word that most of us have always been involved with—is based, as we all know, on much more than money. It is being assured that those in power—the Prime Minister, the Chancellor and other senior Ministers—care about and are passionately supportive of long-term endeavours on our behalf, because it is the long term that is key.

Finally, in a way I consider this to be an emergency debate because I believe that we are at a crossroads. The Government have the clear opportunity to strongly regain our standing and influence in the world, but if

we do not seize the moment, history will undoubtedly record that this was the time when we finally endorsed the decline of this great island nation. The choice is ours.

Lord Ashton of Hyde (Con): My Lords, I remind noble Lords that this is a time-limited debate. The remaining noble Lords except for my noble friend the Minister have a time limit of three minutes, so when the Clock shows three minutes, their speaking time is up.

7.24 pm

Lord West of Spithead (Lab): My Lords, the first thing to say is that our nation is still a world power. This is not popular with many parts of the media and the chattering classes, but it is a statement of fact. It is important for our people’s well-being that our nation should continue to play a leading role in world affairs, and a surprisingly large number of nations in the world want us to remain fully engaged. We cannot be sure how much longer the US will be willing or able to bear the burdens of being the protector of last resort for the “free world”, and we know that as a result of our defence cuts, the US doubts our ability to be a true and worthwhile global ally as the world becomes more dangerous. To put it simply, in this unpredictable and potentially extremely chaotic and dangerous world, we must keep our armour bright and not elect to forgo our independent nuclear deterrent or cut the defence forces any further.

However, what has happened over the last five years? Far from keeping our armour bright, we have cut defence spending by 9.5% and reduced our military capability by 30%. There is insufficient funding to meet the requirements for Force 2020, which was the stated vision of SDSR 2010. Would the Minister tell us what happened to the Prime Minister’s 1% increase in the defence budget that, in 2010, he promised the chiefs would happen by 2015 when the economy improved? This is not the 1% purely to the equipment programme. We seem to be witnessing an unedifying scramble by the Secretary of State for Defence to find expenditure that can be slid into calculations of defence spending so that he can make the NATO target of 2% of GDP being spent on defence. We told other European nations to meet that target but seem unwilling to commit to it ourselves. On that point can I ask for assurance from the Minister that war pensions will not be included in our defence spending submissions to NATO for 2015-16 or that DfID or the intelligence vote expenditure will not be taken into account?

The reality is that we should spend more than 2%. Britain’s GDP is 46% higher today than it was in 1990, when we had three aircraft carriers, 50 escorts and 33 submarines. Today we have 19 escorts and 12 submarines. Decline is a choice. Why have this Government made that choice? The world is less safe as a result and it is not a choice we should make. If Ministers get defence wrong, the nation will never forgive them and the costs in blood and treasure are enormous. Our leaders seem to have lost their backbone. The world is a safer and better place when the UK is involved. The impressive array of soft power tools possessed by the UK needs to be complemented by a

[LORD WEST OF SPITHEAD]

comprehensive hard power capability. Sadly, the current spending on defence does not allow for this and is insufficient to allow the Armed Forces to meet the needs of the United Kingdom's long-term foreign policy. To put it simply, defence is in a crisis and needs an increase in funding.

7.27 pm

Baroness Smith of Newnham (LD): My Lords, I very much welcome this debate, initiated by the noble Lord, Lord Sterling. I also welcome the fact that the Government have decided to look at an SDSR at the same time as a comprehensive spending review. Looking at the two things together seems to make sense, on the face of it. I am also very grateful that, in the gracious Speech, the Government reiterated the importance of giving defence whatever it needs. Yet the Government have, so far, failed to commit to the NATO 2% figure, although we are currently spending 2%. This is at a time when threats to the United Kingdom and its EU and NATO allies are growing. The context of 2015 is quite different from that of 2010. As the noble Lord, Lord Sterling, has already pointed out, we have the situation of Putin's Russia and its incursions into Ukraine and its near abroad, which also happens to be our neighbourhood. We have the rise of Daesh and the prospect of returning jihadis, not to mention issues of cybersecurity, plus a whole raft of other security questions going on to the agenda. All of these have financial implications. They join a whole set of long-standing questions which came up in the previous Parliament but which I would like the Minister to consider.

Do the Government believe we are getting value for money in our existing defence procurement? Is the revolving door between the MoD, the services and business not a problem? Is our policy on reserves versus regulars fit for purpose? In the last Parliament, cuts were made in the Regular Forces that were to be filled with reserves, but it is clear that we have not yet filled the gap. We are still 11,000 down and it is not clear when those reserves are going to be recruited. Financially, the decisions of the last Parliament might have made sense to the accountants and for cutting the deficit, but we are left with a situation where the cuts have had an impact and we now need a fundamental reassessment of the threats to this country. If the successor is going to be voted on next year, the implications of that for the defence budget—which is not ring-fenced at a time when the Chancellor is still trying to make further cuts—create problems.

Will the Minister reassure the House that the Government will deliver on their commitments to UK security, despite the unwillingness, so far, to make good the 2% defence commitment? As the noble Lord, Lord West, pointed out, the Prime Minister was keen to press that on other Governments at the NATO summit in Wales last year. It is vital for this country that we deliver on these commitments.

7.30 pm

Lord Dannatt (CB): My Lords, while congratulating the Conservative Party on winning a clear majority at the recent general election, but noting that senior

members of that party were quoted in the election campaign as saying that there were “no votes in defence”, and noting furthermore that, unlike the position in some other political parties, there was, and still is, a steadfast resistance to committing to 2% of GDP being spent on defence other than in 2015-16, I do not think I am alone in being genuinely concerned that our new Government are not showing sufficient commitment to the security of our country or their citizens at home and abroad.

I know that the noble Earl—who we very much welcome to his position—will echo his right honourable friend the Secretary of State for Defence in saying that all these issues are being addressed in the forthcoming strategic defence and security review, but I do not think that that is good enough. Will President Putin wait until our SDSR is completed before he decides his next move in eastern Ukraine or the Baltic? Are the leaders of the so-called Islamic State going to wait similarly before they decide their next moves? Of course not, but the danger of another six months of prevarication is that the UK's position in the world will continue to look weak. The US will remain anxious that a once-reliable partner is now enfeebled, and other European states which look to the UK for a lead on defence matters will follow our limp lead and kick the issue of defence funding into the long grass.

The former Foreign Secretary, William Hague, said before the 2010 general election that he sensed no national appetite for strategic shrinkage. Appetite or not, the reality is that we have shrunk in terms of defence and security, while the world has become a less stable and more dangerous place. What I find so depressing about all this is that, if the Government were to show some determination and leadership in these matters and make the commitment to spending 2% of GDP on defence, we are talking about only a billion pounds here or there. That is the delta in all this. That is a comparatively small price to pay to secure our place in the eyes of our allies and be of note to our enemies. More worryingly, I have heard it quoted from a Minister in the other place that, even if we did commit to 2%, we would not know what to spend it on. That remark, if true, is as naive as it is dangerous.

Many noble and gallant Members of this House who have had senior responsibility for defence programming matters know that there is always a list of compelling new equipments and capabilities competing for funding in the defence programme. I name but one—the Army's medium-weight vehicle replacement programme. Articulated in 2002 and effectively cancelled in 2007 with the exception of the Scout vehicle, our land forces, if committed today, would be woefully at risk in another conventional combat operation of any size. If we have learned anything from Iraq and Afghanistan, it is that we must send our young men and women into battle, on behalf of our nation, with the right equipment, right from the start.

7.33 pm

The Lord Bishop of Southwark: My Lords, I too welcome this debate and thank the noble Lord, Lord Sterling, for securing it. With the strategic defence and

security review we have an opportunity for a wider debate on the politics of defence that might help to reshape our understanding of the purpose and task of our Armed Forces. The fundamentals that have underpinned UK foreign policy and defence spending in the past will need to be adapted to the changed circumstances we face, especially in the Middle East and our European neighbourhood.

Responding to this agenda will need a greater commitment to resource and to UN peacekeeping missions. That means looking again at the skills and equipment that are needed to help create the space for conflict resolution and post-conflict stabilisation. In this, we must invest as much in our ability to understand the religious dimensions to the conflicts we face as in providing our troops with the necessary means to mediate between the warring sides. The work of the UN with local partners in this area is vital but could be much improved.

Syria is a case in point. Is there a sense of how we enable Syrian opposition groups to build a coherent political process that will ensure future stability and avoid any further descent into extremism? Will Her Majesty's Government be willing to contribute to any peacekeeping mission to uphold any future settlement and seek to be an active player in post-conflict stabilisation and reconciliation? I most sincerely hope that strategic thought is being given to supporting fragile and vulnerable minority communities, should there be further destabilisation in Syria, and that lessons have been learnt from the lamentable outcomes in Iraq, for which we bear proportionate responsibility. The vulnerability of the people of Syria is well known, and the same is true of Libya. It is but one reason why people are risking their lives in the waters of the Mediterranean.

The commitment to stabilising local powers throughout the Middle East and recognition of the long-term nature of that work must continue to form an essential part of our overarching foreign policy objectives. Our excellent and gallant Armed Forces, which we look to in this important and dangerous work, deserve our support in ensuring that they are properly resourced and equipped to meet these ever-evolving challenges.

7.36 pm

Lord Howell of Guildford (Con): My Lords, I have two points to make. First, your Lordships have rightly come to recognise that in the modern age it is the powers of persuasion and influence—so-called soft power—that can play a major or even decisive part in projecting our influence, safeguarding our interests and ensuring our national security and safety. It is also being recognised by noble Lords that the UK has enormous soft power assets although, frankly, we are not using them nearly as well as we might be.

We are today a staggeringly successful world influence in many areas, and we remain more determined than ever to play our part internationally. Moaning American generals are quite wrong when they say that Britain is in retreat. That is nonsense: we are not. Frankly, though, it is extremely damaging nonsense and the mythos is catching hold. Where the generals have a point, and what our recent soft power report made crystal clear, is that without the back-up of efficient

hard military power our soft power is useless. The two work together. We call it “smart power”. Weak military power, or hard power with holes in it, simply undermines our authority and appeal, however persuasively we try to make our case.

My second point is that I am afraid I not at all fond of targets. This may be spitting in the wind when NATO is so keen on the 2% figure, but spending targets always distort. It is outcomes on which we should focus. Some of us opposed the 0.7% of GNI to be spent on aid; we argued that this might lead to millions being rushed into poorly planned international programmes just to meet the targets, and so exactly it is proving. As the official aid watchdog confirms, spending targets distort results—a point ignored by zealots who do not apparently care or understand how modern development works. Similarly, the much-vaunted 2% defence spending target may or may not produce solid national defence. A figure of 2% of GNP could well conceal huge procurement inefficiencies and has certainly done so in the past, while less than 2%, if well-designed and spent, may deliver a superior capability all round.

It is the results in terms of our efficient armed might that matter. What we just cannot afford, and what weakens us all across the board, are the kinds of gaps and hollowing out in our hard-power defence shield described so well and eloquently by my noble friend Lord Sterling.

7.38 pm

Lord Temple-Morris (Lab): My Lords, the defence budget is not sufficient, not least because we have no settled foreign or defence policy. We spiral down on defence before we have decided what we want to do.

At a time when the United States increasingly expects Europe to play a greater part in its own defence, we are failing America and Europe over the NATO 2% at the very time, as has been said, when it is most needed. The United States will do much less if it has to do so much alone. Moreover, it will do more of what it wants and less of what we might want.

I shall give two foreign policy examples where defence capability is highly relevant. The first example is Russia and Ukraine—and here I commend the excellent report of our European Affairs Committee of 2014-15. It should be painfully obvious that Russia will be alienated by perceived threats to its territory and historic areas of influence. Anyone who remembers the reaction to western deployment of intermediate-range nuclear and cruise missiles in the 1980s, with the almost paranoid cries of “encirclement”, readily appreciates this. Add to that the personal side—particularly important to a Russian—of the treatment of President Putin in the western media. Add to this his virtual isolation at the Australian G20 summit last year, and even the refusal of the Canadian Prime Minister to shake his hand, with the result that Putin left early. We still have the valiant efforts of Chancellor Merkel, but she does not have a helpful basis for a settlement of the problem of east Ukraine.

My second example is Iran, a country with which I have been long associated. From 1983 onwards, after the consolidation of the revolution, Iran, however

[LORD TEMPLE-MORRIS]

difficult, was there to be talked to. A little later, under President Khatami, dialogue was positively encouraged. The main response came not from the Americans but from the British Foreign Office under Jack Straw, who made worthy efforts with European allies. But again, without the Americans this could get only so far. To deal with the hatreds and rivalries of the Middle East we must all, including Israel, think long term. Iran is a major regional power, but we have ignored her, thus strengthening her extremes. We then invade Iraq, destabilise the whole area and let the Iranians into Iraq in the Shia interest. All we do is weakly try to help unseat Assad without paying sufficient attention to the rise of ISIS, our main enemy. We again come up against Russia and Iran. Ironically, they are as concerned about ISIS as we are.

This is but some of it. Without a long-term foreign and defence policy involving Europe and the United States on more equal terms we will not succeed. This means a unified approach and increases in European defence expenditure as a whole.

7.41 pm

Lord Craig of Radley (CB): My Lords, we know that the Government have a long-term economic plan; is there a long-term foreign policy plan? I suspect that the Minister's brief will advise, "Wait for the SDSR".

Let us surmise what cannot be in future policy requiring action by the forces. We claim to punch above our weight, but that is reality only if we have the strength to ride out the opponent's counterpunch and still fight on to win. Thirty-three years ago we punched hard against the Argentinians. In less than a month we lost to their counterpunch six fighting ships, with others badly damaged, more than a third of deployed fighter aircraft and numerous helicopters. But we had the strength to ride out these setbacks—strength that had been procured many years previously and was operationally capable—and we beat the counterpunch. Now we lack strength in numbers to fight back so successfully.

We fielded a divisional force with air power in the first Gulf War. More than 50,000 UK personnel were deployed. The Iraqi counterpunch failed to materialise, but we still lost six Tornados and other aircraft. Then, those losses could be quickly replaced; today, even though we could field only a fifth of the 1991 level, nothing is left in reserve to beat off a counterpunch. In Afghanistan there was no Taliban air power to face. More airframes were lost to a freak hailstorm in 2013 than to enemy action.

In the past three decades surface ship numbers have gone down from nearly 60 to just 19 and the RAF is down from three dozen combat squadrons to a mere half-dozen. Platform for platform, fighting capability improves, but there is no scope for sustained fighting against any counterpunch—even hailstones. We need hard power to underwrite the credibility of the nuclear deterrent. By no measure of past experience are today's Armed Forces large or resilient enough to do that, let alone to defeat a conventional counterpunch. This must be corrected. Does the Minister agree?

7.44 pm

Earl Attlee (Con): My Lords, when I arrived in your Lordships' House in the early 1990s, there were many in both Houses who had fought in the Second World War—to name a few, Lord Whitelaw, Lord Callaghan, the noble Lord, Lord Healey, Lord Jellicoe, Lord Jenkin, Lord Mowbray, Lord Mackie of Benshie, the noble Lord, Lord Carrington, and of course, Lord Runcie. There were also some in your Lordships' House who served in the First World War, and I will never forget Lord Houghton of Sowerby banging on about dangerous dogs with such skill and perseverance.

The problem today is that, so far as I know, none of our political leaders has ever been hungry or tasted defeat. Indeed, very few, if any, at the very top have any sort of military experience. Having been a special adviser is seen as being much more important. Opinion polls and focus groups tell us that the people are more interested in health, education and welfare than defence. However, I will wager anything you like that our people in 1940 bitterly regretted not having spent enough on defence, especially on the Army, when the Nazi regime was doing almost exactly what President Putin is doing now. The world paid dearly and the parallels with the present are uncanny.

The Minister will tell us that we have one of the largest defence budgets in the world. However, that includes the cost of the nuclear deterrent that we certainly need but will never use, provided we have enough conventional forces. We also have a relatively high cost of labour in the defence industry. If we maintain our current trajectory, I have no doubt that we will get our posterior kicked hard, and we will deserve it. Even if we do not have either to acquiesce to something unpalatable or to suffer a military disaster, so far as the Americans are concerned we will become militarily irrelevant.

7.47 pm

Baroness Dean of Thornton-le-Fylde (Lab): My Lords, I welcome the debate. We never have a defence debate without reference being made to the importance of our personnel, whom I wish to concentrate on this evening. They are facing a strategic defence and security review but, before that is completed, we will have the 8 July Budget and the spending review. Indeed, one of the first actions of the Chancellor of the Exchequer after the election was to take half a billion pounds out of the MoD budget. That is all very concerning, particularly given the letter in the *Telegraph* last week, which was signed by a number of former defence chiefs. This is all extremely concerning for those of us who believe that we need to spend more on defence—and we do need Trident as well.

Our Armed Forces personnel are the only members of our workforce who, when they sign up to join the forces, also sign up to being prepared to pay the ultimate price. That puts a huge burden on us as a nation. I will refer later to the Armed Forces covenant. We have the Armed Forces Pay Review Body because members of the Armed Forces are not allowed to join a trade union. I was proud to chair that review body some years ago. The report issued by that body in March stated that people felt demoralised because of

“continuing change and uncertainty”, and that many felt demoralised and “undervalued”. It stated that “personnel felt worn down”. I do not think that surprises any of us who have followed defence debates.

It is absolutely essential that this time, the strategic defence and security review puts personnel right at the forefront of our considerations when our future policy is decided. I doubt very much that that was the situation last time. When the 2010 review was conducted, we did not have the problems of Syria, Libya, Ukraine and a whole host of other challenges. I make a plea to the Minister please to give a commitment that when we talk about personnel we do not talk just about their equipment and resources, but also about their overall well-being and that of their families.

It is no good saying that we have the covenant. This year’s review from the Armed Forces’ Pay Review Body said that half the families had absolutely no idea that there was such a thing as a covenant. That is quite a challenge to the Ministry when it does the review this time.

7.50 pm

Lord Boyce (CB): My Lords, I declare my interests as in the register. SDSR 2010 was not sound. It failed lamentably in predicting the crises that have cropped up in the last five years and, for example, removed our carrier capability just as it could have been used to great effect off Libya. In all, it left our forces fundamentally weakened. This was acknowledged by the Prime Minister in 2010 when he said:

“My own strong view is that this structure will require year-on-year real-terms growth in the defence budget in the years beyond 2015.”

Notwithstanding that, and given the short time given to compile it, this SDSR looks like being a thinly disguised cuts exercise that will emerge with no properly thought through strategic vision or recognition of threats such as those posed by Russia. Force 2020 is a distant pipe dream. It seems to be on track to reinforce the perception around the world that we are a “has-been” and no longer a serious player—especially on the part of the United States. We should be particularly alarmed by the latter; a huge, unquantifiable amount comes our way in defence terms, underpinned by the United States’ confidence in our capability. We are seriously imperilling this.

Much has been said this evening about the totemic 2%, and I use the word “totemic” advisedly. This is about more than just money; it is about leadership. It is no use Ministers saying that we are better on defence spending than other European NATO partners. Surely the United Kingdom should be above chasing the lowest common denominator. The Prime Minister set the 2% challenge at the NATO Summit in Wales—he needs to follow his own lead. We have, by the way, already sunk below 2% if you really look at the figures, even allowing for the creative accounting by the last Government in sweeping into the 2% items previously excluded, such as the costs of contingency operations. I have no doubt that further fudging is on its way.

If the Government are prepared to ring-fence aid to foreign countries, it seems bizarre that we are not prepared to do at least the same for the defence of our

own country. It is interesting to note that some difficulty is being experienced in spending the aid budget at the rate it needs to be of £30 million a day. I am not surprised—nor will I be about how much of that will be wasted. Perhaps the Minister would like to comment on that. Is he prepared to say if part of our strategy is to be a global player? If it is, he should recognise that we need to see a commitment to a bigger defence budget—or at least 2% unfudged—to allow us to have a global footprint and, especially, our destroyer frigate force which is, as I have said before in this place, anorexic.

Turning briefly to the nuclear deterrent, it is good to see the Government’s affirmation that we should replace our Vanguard-class Trident submarines with four new boats. I recognise that the main gate for this is not until next year, but perhaps the Minister could say why it is not possible to get this intent approved in principle now. Finally, I totally endorse the comments made my noble and gallant friend Lord Craig of Radley regarding attrition.

7.53 pm

Lord Glenarthur (Con): My Lords, I, too, welcome my noble friend Lord Howe to his new responsibilities at the Ministry of Defence, but I am afraid that this is the only welcome I can give to the Government’s apparent attitude to defence. Do the Government understand that defence, and the strategic and foreign policy imperatives that make it so essential, underpins the security of every other element of their domestic, let alone their wider, ambitions, or are they simply prepared to take the risk that sound defence is a luxury that will never need to be tested?

Strict economic and financial policies cannot be at any price. Taking responsibility for defence, at every level from the Chiefs of Staff down to perhaps the tank crew commander, is not simply a matter of management. It is about command, it is about leadership, and it is about exhortation to operate in ways that are not matched in any other walk of life. Is my noble friend aware of the deep pessimism that so many serving members of the Armed Forces, let alone other commentators, feel about the current reducing state of our defence capabilities, about the provision of adequate equipment for the future and about the difficulty of motivating all ranks to understand that a career in the services is more a calling and a duty than a job, the experience of which will serve well both the country and the individual throughout his or her life? Were the assumptions underlying the previous SDSR correct at the time they were made? If so, were Libya, ISIL, Ukraine and Syria foreseen? Of course they were not. What of further Russian military developments in both the nuclear and conventional fields? What of China’s expanding sphere of influence and military capability? These are stark illustrations of growing global instability.

What is there to give us confidence that the new SDSR is likely to be based on assumptions that are any more realistic than last time? Do the Government agree with the House of Commons Defence Committee report, *Towards the Next Security and Defence Review: Part Three*, which was published in March, and the

[LORD GLENARTHUR]
committee's paper, *Re-thinking Defence to Meet New Threats?*. Beyond the need to upgrade the nuclear deterrent, what are the foreign policy objectives that underlie our status as a nation, as part of the EU, as a member of the Commonwealth, within NATO and as a member of the permanent five?

Managing and developing defence capability within an even greater allocation of resources would be difficult enough. But the prospect of further cost reductions, which appear to have started already, with £500 million—perhaps more in reality—being cut before the SDSR is remotely complete, inevitably make it exceedingly difficult to match the 2% of GDP expenditure that the Prime Minister seems to exhort others to do. Not to commit to it or even more—or worse, to fudge the figure—is folly in the extreme. The Government have so far dodged every rational argument to halt, let alone reverse, the reduction in our defence capability and this is the height of irresponsibility. The current SDSR is an opportunity to arrest this perilous decline.

7.56 pm

Lord Bilimoria (CB): My Lords, last week, when I asked the chief of the Indian army, General Dalbir Singh Suhag—from my late father Lieutenant General Bilimoria's regiment, the 5th Royal Gurkha Rifles—what is the strength of the Indian Army today, he said 1.3 million. Yet today we have cut the British Army to 80,000—not even enough to fill Wembley Stadium. I thank the noble Lord, Lord Sterling, for initiating this debate. As he said, the Chancellor has now asked for a further £500 million cut in defence spending even before SDSR 2015.

The US Defense Secretary, the head of the US army and the US President have warned Britain about the impact of defence cuts in no uncertain terms. In the debate I was privileged to lead on the 200th anniversary of the Gurkhas last week, I asked the Minister to confirm that there would be no more cuts to the Gurkhas. They are now down to 3,000. Even when pressed, the Minister could not tell us that they would be protected. I find this deeply worrying.

It has also just been revealed how out of tune the Government are with the public when it comes to defence. PwC has just prepared a report titled *Forces for Change* after surveying the public's views on defence. I declare my interest: PwC is the auditor of the Cobra Beer Partnership, my joint venture with Molson Coors. The PwC report says that 53% of the public want defence spending to be increased beyond the current £37.4 billion. Only 16% want the defence budget cut. Some 37% believe the cost of funding the military helps strengthen the economy. Frighteningly, 53% feel the Armed Forces are weaker than 20 years ago.

Words from the public that recurred throughout the survey were alarming: “underfunded”, “overstretched” and “unequipped”. The strategy of compensating for cuts in the numbers of full-time soldiers with reserves, as we heard from the noble Baroness, Lady Smith, is an oxymoron. Reserves are meant to be reserves and we have seen the challenge of recruiting high-quality reserves. Will the Minister confirm this? The PwC report said that 72% of the public had a positive view of the Armed Forces, and 69% rate the Armed Forces

as trustworthy versus only 23% when it comes to Parliament. Some 65% also felt that modern threats are the biggest threats to the UK: terrorist groups, cyberattacks, known unknowns and unknown unknowns. No one predicted 9/11. No one predicted the Arab spring. No one predicted Libya. No one predicted Syria. Barely a year ago no one had heard of Islamic State.

As we have heard before, Britain has amazing soft power: the BBC, our universities—I could go on. But soft power alone, without hard power, is useless. As Professor Joseph Nye of Harvard University said, a combination of hard power and soft power gives you smart power. SDSR 2010 was the opposite of smart. Quite frankly, it was negligent. We have no carriers, no Harriers, no maritime reconnaissance, cuts to our troops—means before ends. I urge the Government to be in tune with the British public, to listen to our steadfast ally, the United States, which has spoken out at the highest level, and to commit to the NATO 2% of GDP defence spending.

To conclude, this debate is on the eve of the 200th anniversary of the Battle of Waterloo. The Duke of Wellington's motto was, “Fortune favours the brave”. One word the public mentioned above any other in the PwC report about our wonderful, best of the best, cherished Armed Forces—the best in the world—was the word “brave”. I challenge the Government to be brave.

7.59 pm

Lord Lyell (Con): My Lords, I thank my noble friend Lord Sterling for giving us the opportunity this early in the Session to say some words on defence. I am also very thrilled that my noble friend Lord Howe is back—I think he has done one earlier stint in the Ministry of Defence. With everything that he has done, and all the disciplines that he has covered, I christen him the multi-role combat Peer, because he will be able to cover all the detailed aspects, including the financial ones.

I have very little to add but will ask one or two small questions about what I call the kit. Could my noble friend let me know, possibly in writing later, what the position is with the F35 aircraft? Is it carrying on in development? Is it up to date and at the stage we hoped it would be? Could he also ensure that the weaponry for the Army is up to date and performing as well as it should do and has been doing in Afghanistan, Iraq and elsewhere? I have not heard of any major problems but I hope he can assure us that this is well under way and that there are no problems with supply.

As far as personnel and manpower is concerned, I understand that Army recruitment is still healthy. I hope young men and women are still welcome in the Royal Navy and that places, training and facilities are available for them. My noble friend Lady Dean—I call her my noble boss, as chairman of the All-Party Defence Group in your Lordships' House—made a most important and powerful speech telling us that we must make sure that the families are in prime position when it comes to personnel. Some of the married quarters that I have seen—and which no doubt she and many of your Lordships have seen—need refurbishing. I hope that my noble friend will be able to keep his eye on that in particular. The facilities for

many of the single personnel and soldiers are second to none. With my noble friend's help, no doubt we will make progress and there will be no slowdown in that progress over the next six months.

8.02 pm

Lord Davies of Stamford (Lab): My Lords, it is customary to begin an SDSR with an analysis of the threat, but we should never forget that capability and threat are not independent variables. There is a direct and inverse relationship between the two, and the situation with Russia and Putin is a very good example of that. It is quite incredible to believe that a serious factor in encouraging Mr Putin to become much more aggressive in trying to retrieve parts of the former Soviet and Tsarist empires was not that, over the last few years, we and other European members of NATO have been steadily cutting our defence expenditure and our defence capabilities. What an appalling signal to send—I am afraid that we bear some of the responsibility for the deterioration of the international situation and the threat to world peace that has ensued.

What do we do about it? First, we must support, more than we are already doing, the Ukrainian armed forces. What they need most at present, as I have discovered in my visits there, is anti-battery radars and drones. We should supply those sorts of things and the training that goes with them.

Secondly, we need to prepare sanctions to deter Putin if he goes any further; if, for example, he decides to seek to grab a land bridge between the areas he occupies in eastern Ukraine and the Crimea. I think I was the first person anywhere to suggest, after the invasion of the Crimea, that we should contemplate depriving the Russian banks of access to the SWIFT interbank system. The suggestion has been taken up by other people since then, particularly in the United States, and we should explore it further.

Thirdly, and very importantly, we must make a commitment to the 2% defence spending target. We look perfectly ridiculous with the Prime Minister having had the effrontery to lecture other NATO members on the need to respect that NATO guideline when we are not doing so ourselves. Quite apart from the important signal we need to send to the Russians about this, it is vital that we do it for our credibility with the United States, which has become rather frayed. We cannot simply wait for the SDSR to achieve that because in our relations with the United States, the scepticism that it feels about our defence capability and commitment is increasing the whole time.

Finally, we should be taking forward the development of a common foreign and security policy within the EU; but the Government will of course not do this, because their Eurosceptics will not allow them to do it. First, nothing would be a more effective signal to send to the Russians of our joint commitment. It would involve not merely the existing NATO members within the EU but the five members which are currently outside NATO. It is very important to involve them. Secondly, it would be the only way to get a joint commitment to a realistic level of defence spending and deal with the free-rider problem, which has always

existed, where the smaller countries have spent much less of their GDP on defence than larger countries, believing that they would always be defended by others. That is a very unhealthy and unsatisfactory situation. Thirdly, if we want to get value for money it will be absolutely important to eliminate the waste and duplication in the armed forces of NATO and EU countries. That can only be done by a greater degree of specialisation and, therefore, of policy and decision-making integration. Finally, in procurement it is vital that we have much longer production runs, and gain the kind of economies of scale which the Americans achieve through those means, by joint procurement operations with our European allies. Again, that can only be done in the context of a distinct strengthening and improvement of a common foreign and security policy.

8.06 pm

Lord Luce (CB): My Lords, 25 years ago we saw the end of the Cold War and there were people who talked at that time about the end of history, whatever that means. Indeed, now we have the end of wars but a quarter of a century later, where do we stand? It seems that we face two main threats. The first, as many noble Lords have mentioned, is that in Europe, particularly in the Baltic states and Ukraine, we face a serious threat from Russia—a wounded bear which is steadily rearming. Secondly, in the Middle East we face failed states, power vacuums, fragmentation, severe humanitarian problems and religious wars: conditions which in themselves produce fanatical extremism such as we see in Daesh, with 20,000 foreign fighters. Overlapping those in north Africa and northern Nigeria are similar problems, with a rising threat of terrorism to us all.

One of the dangers that I see is that we in this country have been lulled into a false sense of security. Many people regard even the Baltic states as far-off countries of which we know very little. There is no leadership in this country on defence. There was little debate in the general election about defence, and we have watched a steady decline in forces in Europe as a whole, as well as in this country. Unfortunately, the perception in the outside world is that we in Britain, let alone in the West, are in decline. Added to that is the uncertainty of Britain's position in Europe and the future of the United Kingdom. We seem to be talking ourselves into decline—into pulling up the drawbridge—which is a very serious message to give to the outside world. The British interest is that we use what influence we have in a constructive way. We must remember that we are still members of the Security Council, of the European Union and of NATO. We are part of the Commonwealth family and we have soft powers. The economy is improving—it is the sixth largest in the world—and we still have some military strengths.

I conclude, first, that as far as NATO is concerned the maintenance of international order is at stake. All of us who are NATO members must make it clear to all that we are committed to Article 5—that an armed attack on one member will be considered an attack on us all—and NATO must be strengthened accordingly. Secondly, we must play an active part in selective conflict resolution in the Middle East and Africa but working intensively, multilaterally and with coalitions

[LORD LUCE]

of willing regional partners and nations. We have had plenty of examples, such as reducing piracy in the Indian Ocean and Sierra Leone. We need to work with our friends in the Gulf and elsewhere. That will help to tackle terrorism and migration at source. I hope that the Minister will reassure us that we have a long-term set of foreign policy objectives before we make any decisions on our defence resources.

8.10 pm

Lord Selkirk of Douglas (Con): My Lords, our Prime Ministers have in the past often faced a dilemma over how much to spend on defence. Indeed, on 12 November 1936, Prime Minister Stanley Baldwin said during the debate on the Address:

“Supposing I had gone to the country and said that Germany was rearming and that we must rearm, does anybody think that this pacific democracy would have rallied to that cry at that moment? I cannot think of anything that would have made the loss of the election from my point of view more certain”.—[*Official Report*, Commons, 12/11/1936; col. 1144.]

The Prime Minister Winston Churchill took a very different view. He liked the Roman saying, “If you want peace, prepare for war”. The one who might give us the best clue as to what Governments should do today is Churchill. After all, he participated in more wars than any other world leader of the last century. Speaking in general terms, he was remarkably prescient. He said:

“It is no use saying, ‘We are doing our best’. You have got to succeed in doing what is necessary”.—[*Official Report*, Commons, 7/3/1916; col. 1427.]

By the way, I suspect that, as with us today, Stanley Baldwin would have liked to limit Churchill’s speeches on rearmament to no more than three minutes.

In the present situation, with the regular British Army at its smallest level for almost 200 years, the test of what is necessary should not be driven exclusively by Treasury considerations. There has to be significant recognition of strategic security requirements, and we subordinate these at our peril. When the President of the United States and the former Secretary-General of NATO both express grave concern at the possibility that Britain might fail to maintain defence spending at 2% of GDP, we can only hope that Ministers are listening to them and the concern of others who are Britain’s friends and allies—otherwise, I fear that the wrong signals will be given to those who do not wish us well. Just last weekend, former Chiefs of Staff revealed their concerns regarding further defence cuts. In the words of Admiral Sir Nigel Essenhigh:

“If the outcome of the Review is a further reduction in military expenditure and not a commitment to a sustained increase, then the Government will be neglecting its prime and overriding duty, the defence of the nation, by failing to halt the progressive decline of British military capability into penny packet numbers”. He called on the Government to ensure that the forthcoming,

“Defence and Security Review does not degenerate into yet another cuts exercise”.

I note that the Secretary of State for Defence has recently warned in another place that,

“defence, to be deliverable, has to be affordable”.—[*Official Report*, Commons, 8/6/15; col. 885.]

My submission tonight is that affordability must not mean lowering our guard and losing the confidence of our allies.

8.13 pm

Lord Ramsbotham (CB): My Lords, in preparation for this debate, I looked again at the book that is regarded as the foundation of English common law, published by Henry II’s Justiciar in 1189, called *The Treatise on the Laws and Customs of the Realm of England*. I realised that it was an extremely good definition of smart power, as well. It states:

“Not only must royal power be furnished with arms against rebels and nations which rise up against the king and the realm, but it is also fitting that it should be adorned with laws for the governance of subject and peaceful peoples; so that in time of both peace and war, our glorious king may so successfully perform his office that, by crushing the pride of the unbridled and ungovernable with the right hand of strength and tempering justice for the humble and the meek with the rod of equity, he may both be always victorious in wars with his enemies and also show himself continually impartial in dealing with his subjects”.

I find that one of the saddest things about this debate, for which I thank the noble Lord, Lord Sterling, is the frequent mention of the decline of this country and the frequent reports of less than adequate forces to defend the realm. I found the same as a member of the Joint Committee on the national security strategy, because one of the things that worried me—and, I think, other members—was that when we looked for a national security strategy on which an SDSR could be based we found no evidence of any, and nor did we find any evidence of national strategic thinking in the Government which might give rise to a national security strategy. I take the description “long-term foreign policy” in this debate to include the national security strategy.

Like the noble Lord, Lord Howell, I deplore targets in this because I believe that is only sensible to base defence spending on what the defence of the realm requires. Without having a national security strategy on which an SDSR can be based you have no idea when you are going into these sums whether you have what is required. I am very glad that the noble Lord, Lord Selkirk, mentioned the word “affordable”. I, too, think that when you are thinking “Can we afford it?”, you also have to ask whether you can afford to give up what you have to give up in order to afford what you say you want. I think that great swathes of government spending come into that second category when we are considering the all-important defence of the realm.

8.16 pm

Lord Wallace of Saltaire (LD): My Lords, I want to follow the line that the noble Lords, Lord Ramsbotham and Lord Luce, have taken and focus on long-term foreign policy and national strategy—because we are not at all clear on what either of them are. In the course of this debate, it has been mentioned that we should provide military force against China and build up our forces in the Gulf. I am very surprised that noble Lords have not spent more time talking about the problem of Africa where we are going to have to be engaged in conflict prevention, state rebuilding and active peacekeeping in the next 20 years, partly because as those states collapse their desperate people will try to flood across the Mediterranean to Europe.

We do not know what our foreign policy is about, and that means it is very difficult to have a coherent defence policy. A Conservative MP of my acquaintance said in a private meeting some months ago, “Of course, our problem is that we don’t know who we are and we don’t know where we want to be in the world”. That is a huge problem. We have lost our standing in Washington over the past five years. There is a strong perception in Washington that we are, as the noble Lord, Lord Luce, suggested, withdrawing from a wish to be a power in the world.

We are also renegotiating our economic relationship with the rest of Europe without recognising that the European Union was always a security system as well as economic arrangement: that our Foreign Secretary negotiates and consults on foreign policy and security policy with his opposite numbers within the European Union framework much more frequently than in any other multilateral framework; and that in Washington NATO is regarded as “the European allies” and the message from Washington is that NATO and the European Union should work more closely in containing Russia and dealing with Ukraine. The question of whether we wish to be involved in containing Russia and dealing with Ukraine is there in the Foreign Secretary not being present when our German and French counterparts negotiate with the Russians on Europe. That is as visible a sign of lack of cohesion, lack of coherence and withdrawal as one could possibly have.

The noble Lord, Lord Bilimoria, talked about the 200th anniversary of Waterloo. Waterloo was Britain with our allies: the Germans, the Dutch and the Belgians. The question of whether we are standing alone and how far we are working with others is also fundamental to our defence policy. I welcome the extent to which over the past 15 years we have built a close defence relationship with the French, reinforced our relationship with the Dutch and helped the Nordic countries and now also the Baltic states. I deplore the extent to which Conservative Ministers have attempted not to tell the *Daily Telegraph*, the *Daily Mail* or Parliament the extent to which we now co-operate with them.

I agree strongly that sharing facilities, assets and procurement is one way to make short defence money go further. That is an important part of where we should be. However, unless we know what our relationships with France, Germany and the Nordic countries are, we will not go far enough. So, yes, we need a coherence defence budget—but first, we need a coherent national strategy and foreign policy.

8.19 pm

Lord Rosser (Lab): The first priority of our Armed Forces is of course to defend and protect our own people. After that, it is a case of the Government deciding what further role they want our nation and require our Armed Forces to play beyond our shores, and having made that decision providing our Armed Forces with the capability to carry out that role. That is what the forthcoming strategic defence and security review and the spending review should be about. The last SDSR did not prove very accurate in forecasting many of the key events of the last five years. It was silent on the upheavals that have occurred in north

Africa, the rise of ISIL, and on Russian activity and aggression in the Ukraine. I hope that the forthcoming SDSR will prove to be a rather more reliable document in that regard.

We then have the issue of money; defence is not a protected department, and there will have to be very substantial cuts—18%, say independent sources—in non-protected departments if the Government are to hit their own deficit reduction target. The Government have already committed themselves to no further reductions in the size of our regular Armed Forces, at least a 1% real-terms increase in the defence equipment budget throughout this Parliament, and the renewal of our nuclear deterrent. Can the Minister say what areas, if any, of the defence budget are being considered for cuts in expenditure, and what level of cuts, if any, the Government expect to make in the defence budget in real terms? In the Queen’s Speech the Government stated that they would,

“continue to play a leading role in global affairs, using its presence all over the world to re-engage with and tackle the major international security, economic and humanitarian challenges”.

The recent comments by the US Defense Secretary that our reductions in military spending were, “actions which seem to indicate disengagement”, suggest that not everybody has been convinced by the Government’s statement about our future global role.

That is a further reason why the Government should be open and promote debate, including in this House, on their view of the threats we face, our global role, and the military capability we need, prior to final decisions being made on the SDSR and the spending review, and not simply say in effect that anybody is welcome to write in with their thoughts. The 2015 SDSR has to be a credible document, with regard first to defence and foreign policy objectives, and secondly to the resources needed by our Armed Forces to deliver those objectives.

8.22 pm

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, I thank my noble friend Lord Sterling for giving us the opportunity to debate a topic of fundamental importance for the security and prosperity of this country. He brings to our deliberations a wealth of experience in both business and politics, and I listened to him, as I always do, with the closest attention. However, he has also enabled me, as the new Minister on the block, to benefit from the wisdom of the other speakers here this evening, and I am grateful to all of them for their contributions. I shall of course write on those questions that I am unable to address tonight.

As this debate has shown, the House recognises that the first duty of government is to protect its people and promote our interests around the world. Therefore, I preface my remarks by making clear that the influence that this country continues to exercise globally and the respect that we command through our military, diplomatic and development capabilities are major national advantages that the Government are committed to maintain.

The defence budget, and the way we use that budget, are of course key components in the way we achieve this. Listening to noble Lords this evening, I cannot

[EARL HOWE]

fail to be aware of the anxieties that exist in some quarters about current and future defence funding. At the same time, I suggest that we need to take a realistic and measured view, both of what we are doing currently and of what we plan to do. At present, the UK has the fifth-largest defence budget in the world, the second-largest in NATO and the largest in the EU. That budget has enabled us to commit our Armed Forces, as we speak, to 21 operations in 19 different countries. It has enabled us to achieve genuine global reach in Iraq, Afghanistan, the Baltic, west Africa and, most recently, Nepal and the Mediterranean, to name only a few examples.

In Iraq we bring niche capabilities such as intelligence, surveillance and reconnaissance, air refuelling, counter-IED, and command and control to the US-led coalition which few other nations can replicate. We are the US's largest partner in the coalition air effort against ISIL.

In Afghanistan we can be proud of what we have achieved in our largest coalition operation of recent times, Operation Herrick. We have helped to set the conditions for a more viable state, improving the lives of ordinary Afghans, while substantially reducing the terrorist threat to the UK from this region.

This year, our contribution to NATO assurance measures will be as significant as last year, with more than 4,000 UK personnel set to deploy on various reassurance exercises, including a number in eastern alliance territories.

In Nepal we demonstrated our disaster relief capabilities when we deployed one C130 Hercules transport aircraft, two C17 transport aircraft and more than 250 personnel to the region to support relief efforts, on top of our existing Gurkha presence. In Sierra Leone we led the fight against Ebola, committing 900 troops. In the Mediterranean we have demonstrated other elements of our naval capability, deploying HMS "Bulwark" along with three Merlin helicopters to rescue—so far—2,900 migrants in difficulty.

These are our Armed Forces as they are today—capable of responding to a complex variety of challenges quickly and effectively. But, as my noble friend has emphasised, we need to pay equal attention to the defence needs of the future. That is indeed why the Government are in the process of carrying out a full strategic defence and security review, along with a refreshed national security strategy. I say to the noble Lord, Lord Dannatt, that this is not prevarication. The SDSR will take as its starting point a hard-headed appraisal of our foreign policy, our security objectives and the role that we wish our country to play on the world stage. It will be informed also by a full evaluation of the risks and challenges facing us as a country.

Not all these risks can be foreseen but, through the work of the National Security Council and by ensuring that the national security strategy builds on the progress made since 2010, we will be well placed to define the military and other capabilities we need to ensure that Britain has the broad range of capabilities and strategies to respond to threats and maintain its position as a global leader. The noble Baroness, Lady Dean, can be reassured that this will indeed factor in the well-being of our personnel.

However, in so doing, the SDSR will need to balance strategic challenge with fiscal realities. It is unrealistic to think that any part of government can operate in a vacuum, without having regard to the resource constraints that the country faces. Economic security and national security are two sides of the same coin. I cannot therefore comment on what our defence spending will be after this financial year. Such decisions, as my noble friend will understand, will be determined by the spending review later this year, running alongside the SDSR. However, he should, I hope, be reassured in one respect at least. By its very nature, the SDSR will look ahead at the longer term as well as the short and medium term. And here, I suggest, we start from a good position. This Government were elected with a mandate to maintain the size of the Regular Armed Forces, to increase the equipment budget in real terms every year and to renew our four nuclear ballistic submarines.

We have committed to spending more than £160 billion on equipment and equipment support over the next decade; including on new joint strike fighters, more surveillance aircraft, hunter-killer submarines, two aircraft carriers and the most advanced armoured vehicles. We continue to spend 20% of our defence budget on major equipment and equipment support—one of only four NATO members to do so.

This equipment will be innovative and high technology, giving our Armed Forces a battle-winning edge. For example, our procurement of the Scout Specialist Vehicle will transform the way that the Army undertakes operations, enabling commanders to engage at ranges and at a tempo not previously possible.

The F-35 Joint Strike Fighter is a fifth-generation multi-role combat aircraft and marks a step change in capability for the UK. The Queen Elizabeth-class aircraft carriers will be the largest, most capable and powerful surface warships ever constructed in the UK, able to meet the widest range of tasks around the world. All these programmes have a positive impact on the UK's defence industry, either through their manufacture or through many years of future support.

I assure my noble friend Lord Lyell that the equipment and weapons currently fielded by the British Army are genuinely second to none.

I have read the paper published by King's College London and mentioned by my noble friend Lord Sterling. We know how important it is to be able to act independently. That is why key principles of the 2012 White Paper, *National Security Through Technology*, are open procurement and technology advantage. Where essential on grounds of national security, we will do whatever is necessary to protect our operational advantage over our adversaries and our freedom of action. This means being able to conduct combat operations at a time and place of our choosing with the assurance that capabilities will perform as required, when required.

We will spend 2% of GDP on defence in this financial year. But as my noble friend Lord Howell emphasised quite rightly, it is not just the size of the defence budget that is important but also how you spend it. That is why we are continuing with our successful defence transformation programme, which has balanced the defence budget, removing the £37 billion

black hole left by the last Labour Government, and committed the department to finding £5 billion of efficiency savings over the last five years, reducing administration costs and critically examining our defence equipment needs, helping us to achieve better deals with our contractors.

Lord Davies of Stamford: I am aware that the Minister is very new to this brief, but I regret very much that he is continuing to mention this complete nonsense and propaganda about a £35 billion black hole deficit. If defence expenditure had gone on increasing at the rate of 1.5% per annum in real terms, which we were committed to, there would have been no such black hole at all.

Earl Howe: My Lords, I totally repudiate that comment. Not only was there a black hole of that size, but I was briefed on it the other day and it is even greater than that figure—but we will not go into that now, if the noble Lord will allow.

There is no point in having a £34 billion defence budget if it is not spent efficiently. That is why it is important that we continue our work from the previous Parliament so that we can maximise defence spending on our Armed Forces. This is demonstrated in our 10-year fully funded equipment plan which we published in January. That plan gives industry certainty over MoD investment in different areas for the next decade, helping us to deliver the equipment we need for our Armed Forces. I say again, the fiscal challenge that

has faced defence has not impacted on our ability to conduct operations to support our foreign policy objectives—far from it—as I have already indicated with examples of our many military operations around the world.

As has been said, we are not only using military intervention to protect our interests and promote our values; we have a leading diplomatic network which spans 268 posts in 168 countries and territories, and nine multilateral organisations. These unique capabilities have enabled the UK to play a leading role in talks to address Iran's nuclear programme, disarming Syria of its declared chemical weapons stockpile and establishing a global arms trade treaty. We are also the only G7 nation to meet the UN OECD target to spend 0.7% of gross national income on international development, building stability and supporting economic growth overseas and contributing, importantly, to the security and prosperity of the UK.

The achievements of our defence and diplomatic services speak for themselves. The UK can be proud to have such world-renowned services to call upon. As my noble friend Lord Glenarthur said, the upcoming SDSR is an opportunity to look again at our foreign policy objectives and ensure that we have the assets necessary to address these in the context of the resources available to us. As I said to this House earlier this month, in the words of Churchill, we will do what is necessary to keep Britain safe and will remain part of the international effort to defeat the adversaries that threaten us.

House adjourned at 8.34 pm.

CONTENTS

Wednesday 17 June 2015

Questions

Climate Change.....	1153
Pesticides: Neonicotinoids	1156
Drugs: Cannabis	1158
Communications Data	1161

Deputy Chairmen of Committees

Built Environment Committee

Statutory Instruments Committee

Consolidation etc. Bills Committee

<i>Membership Motions</i>	1163
---------------------------------	------

North of England: Transport

<i>Motion to Take Note</i>	1164
----------------------------------	------

Defence: Budget

<i>Question for Short Debate</i>	1215
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