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PARLIAMENTARY DEBATES
(HANSARD)

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THE
PARLIAMENTARY DEBATES
(HANSARD)

IN THE FIRST SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
COMMENCING ON THE EIGHTEENTH DAY OF MAY IN THE
SIXTY-FOURTH YEAR OF THE REIGN OF

HER MAJESTY QUEEN ELIZABETH II

FIFTH SERIES **VOLUME DCCLXIV**

THIRD VOLUME OF SESSION 2015-16

House of Lords

Monday, 6 July 2015.

2.30 pm

Prayers—read by the Lord Bishop of Chester.

Oaths and Affirmations

2.33 pm

Lord Williams of Oystermouth took the oath, and signed an undertaking to abide by the Code of Conduct.

European Union: Reform
Question

2.36 pm

Asked by ***Lord Dykes***

To ask Her Majesty's Government when they expect to announce the results of their discussions about the European Union reform agenda with other member states.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns): My Lords, at the June European Council, agreement was reached to launch the renegotiation process and revert to the issue at the December European Council. The next stage will involve technical discussion in Brussels. How long the overall process takes will depend upon progress over the substance. The Government have committed to holding a referendum on EU membership before the end of 2017.

Lord Dykes (LD): I thank the Minister for that Answer. I hope I will not embarrass her if I express great commiseration and sympathy for the task ahead for her and fellow Ministers with this portfolio. As Kenneth Clarke said very recently of Eurosceptic Tory MPs:

"They want us to leave, they don't want reform … They are all right-wing nationalists".

What on earth will the Government do to get out of the wholly sinister trap that the Government have created?

Baroness Anelay of St Johns: My Lords, there is no trap. The trap is wide open and we are out of it as you are when you are in a race. However, this is the festina lente race, where the people with the ideas and the determination first work through the process, which has now been launched with regard to the European Council, and technicians look at the process of how change can be achieved. We also know that the Prime Minister has launched the political discussion on the substance. So we are out of the trap and negotiating for the good of Britain and the rest of Europe.

Lord Tomlinson (Lab): Could the noble Baroness give the House some clue, so that we can judge whether these negotiations are successful, as to what the main planks of the negotiating mandate are? All our partners in the European Union have shared in it, but the British people, who ultimately will have to make a judgment, have been given no idea what the demands are and therefore will not be able to judge success or failure.

Baroness Anelay of St Johns: It is the nature of parliamentary democracy that the Government outline their plans to Parliament first, and we did, not only as a result of speeches in another place but thereafter, further setting out the details. My right honourable friend the Prime Minister has made it clear, as indeed have those negotiating with him—the Chancellor of the Exchequer and the Foreign Secretary—that the four planks of our negotiation are: fairness for those both within and outside the eurozone; changes with regard to immigration so that welfare benefits do not act as an overlarge pull factor and movement is for work not for benefits; sovereignty is an issue. so we must tackle the problem of ever closer union, which may be all right for others but not for us; and competitiveness. We have led the way. We have already achieved advances on this, but for hard-working people in this country we need to improve competitiveness across Europe, including the digital single market. That is it.

Lord Howell of Guildford (Con): Are reports correct that officials have been working on possible fast-track treaty changes in case Greece leaves the euro but stays

[Lord Howell of Guildford]
in the European Union? If so, would these be under the passerelle procedure set out in the 2011 Bill on the European Union? Would they be wrapped up with the general strategy for European reform, which my right honourable friend the Prime Minister has indeed outlined in very clear direction and which provides a useful basis for major reform in the future, which will involve treaty change?

Baroness Anelay of St Johns: My Lords, with regard to the timing of changes, we have clearly said that the only date that is certain is that by the end of 2017 we will have put to this country a referendum on the deal that has been achieved. With regard to treaty change, my right honourable friend the Prime Minister has made it clear that there are some circumstances in which treaty change would need to be obtained, but he has also made it clear that in advance of any referendum what is needed is a binding, irreversible agreement with all the other states that a treaty change would take place. On that basis, there would need to be an acceleration of treaty change.

Baroness Ludford (LD): My Lords, in the light of the Greek referendum result, do the Government intend to follow the advice of the Member for Uxbridge and try to secure a no vote in a referendum as apparent leverage for further negotiations?

Baroness Anelay of St Johns: My Lords, I was brought up in a family who said yes because you tended to get the right answer more frequently. I can see that I have caused amusement on the Privy Council Bench of the Conservative Party, but clearly their minds are far superior to mine. With regard to the impact of the negotiations, my right honourable friend the Prime Minister has my confidence and the confidence of the Government that he will deliver a deal that is right for this country, and we will be able to support him when it comes to putting it to the population.

Baroness Morgan of Ely (Lab): My Lords, the Business Secretary recently berated the CBI for being too pro-EU on the grounds that this weakened the Prime Minister's negotiating position. Does the Minister believe that that was a sensible position for her colleague to take, given the vocal pro-EU position of the CBI on EU membership and the catastrophic impact that leaving the EU would have on business in the UK?

Baroness Anelay of St Johns: My Lords, the CBI has made it clear that it is in favour of reform of the European Union that delivers more competitiveness. We have the support of the majority of its members in the way we are proceeding. There will always be differences of views; that is part of the nature of a democracy.

Lord Lamont of Lerwick (Con): Does my noble friend recall that the Duke of Wellington used to state that he thought the English constitution was "incapable of improvement"? Is it not the case that the noble Lord, Lord Dykes, thinks exactly the same thing about the European Union? Does my noble friend recall how the noble Lord, Lord Dykes, always used to advocate joining the euro and went on singing the same tune after it was in deep, deep trouble? If so, will she take his advice with a very large pinch of salt?

Baroness Anelay of St Johns: I might need more than salt.

Lord Kinnock (Lab): Does the Minister agree that, like charity, competitiveness begins at home? Will she therefore counsel her colleagues in the Government against continuing the large cuts in net public sector investment, the 40% cuts in further education for over-19s, and other measures that are fundamentally undermining the competitiveness of our economy, as is shown by the record balance of payments deficit?

Baroness Anelay of St Johns: My Lords, this Government and the previous coalition Government made great headway in overturning some of the most dire economic situations the country had to face in 2010. It was a difficult task. We wish to continue to do that. This Wednesday, the noble Lord will have the opportunity to see the next stage in plans to resuscitate our competitiveness and the economy.

Algorithmic Trading

Question

2.44 pm

Asked by ***Baroness Wheatcroft***

To ask Her Majesty's Government whether the effects of algorithmic trading are being monitored and sufficiently regulated.

The Parliamentary Secretary, Cabinet Office (Lord Bridges of Headley): My Lords, regulators continue to watch carefully and act when required in this fast-growing area of activity in financial markets. Investment firms and trading venues using algorithmic trading in the UK are already regulated and supervised by the Financial Conduct Authority and the Prudential Regulation Authority. From 2017 they will need to abide by the rules on algorithmic trading in the EU Markets in Financial Instruments Directive II.

Baroness Wheatcroft (Con): My Lords, I thank my noble friend for his reply and declare my interests as listed in the register. MiFID II will undoubtedly improve regulation, although I welcome my noble friend's assurance that the regulators will have the resources to implement those rules. However, does he share my wider concern about algorithmic trading—that it operates to the detriment of ordinary investors and is the antithesis of the long-term investment we should be encouraging? What can he do to address this?

Lord Bridges of Headley: My noble friend speaks with a lot of experience on these matters. I would point her to the very interesting Foresight research carried out by the Government, which looked into this. As a result of that, we do not think that the long-term investment decision-making by companies is undermined by high-frequency traders, which should be differentiated from algorithmic trading in the round. That said, during the last Parliament, in response to the Kay review,

the Government initiated a broad review of reforms to address long-standing concerns that short-termism on the part of investors has impeded the creation of sustainable value by British companies. The Government are considering what steps are appropriate to make further progress in shifting the culture of equity markets towards long-termism.

Lord Campbell-Savours (Lab): My Lords, is it not true that many of those who ended up making a small fortune through algorithmic trading started off with a large one?

Lord Bridges of Headley: As so often, the noble Lord speaks with a great amount of insight and experience, I am sure, on this matter.

Baroness Kramer (LD): I wonder if the Minister could answer the question from the noble Baroness, Lady Wheatcroft, on the impact on small investors. Would he not agree that ever higher speed high-frequency trading, together with dark pools, has in effect rigged the trade in financial instruments against small investors?

Lord Bridges of Headley: I reiterate that the PRA, and Andrew Bailey in a speech last month, drew attention to a lot of these issues. I hope the noble Baroness takes some consolation from that and from what I said about the FCA. On smaller investors, as I said, the Government are looking at this issue. I draw attention to the Foresight report which said,

"transaction costs have fallen for both retail and institutional traders".

We therefore need to look at this in a balanced and proportionate way.

Lord McFall of Alcluith (Lab): My Lords, this House received compelling evidence from the Economic Affairs Committee that through HFT, billions of pounds of shares were being traded every day with little or no public exposure. Technology is being used not to ensure that we introduce fairness and neutrality into the market, but to receive information ahead of the rest of the market. This was described as the battle of microseconds, whereby ordinary investors and others are screwed because they do not understand the concept. The Government and the regulators are on the outside looking in; full transparency of the market is essential. Government have a public duty, and there has been laxity so far; they really should put their skates on. Then, the next time there is a "flash crash" or a liquidity value, they cannot put their hands up and say that it is nothing to do with them. Full transparency and disclosure are essential and it is time that the Government acted.

Lord Bridges of Headley: My Lords, that was a high-frequency question as far as I can see. The noble Lord raised a number of points. Investment firms that operate what are often termed dark pools are subject to code of business rules that require them to treat their customers fairly. As I mentioned in my opening answer, MiFID II will further introduce strict volume caps on the amount of equities trading that can take place under waivers from transparency. That will significantly reduce such dark trading.

Lord Reid of Cardowan (Lab): Given the centrality of the City of London to the British economy and the intention expressed more than a decade ago by some of those associated with Islamist jihadism to "bleed Britain to bankruptcy", can the Minister tell us what measures have been taken to protect the City of London from hacking, particularly given that a vast number of essential economic investments are now being transacted in nanoseconds?

Lord Bridges of Headley: The noble Lord speaks with a lot of experience on these matters, which are worthy of consideration. If he will forgive me, I would like to write to him on that point as it requires a detailed answer.

Lord Davies of Oldham (Lab): My Lords, I hope that the Minister is not indulging in that degree of complacency—saying, "It's all under control"—which the senior management of significant banks indulged in, and then found themselves taken to the cleaners by the operations of relatively lowly placed staff. One thinks particularly of UBS losing £1.7 billion from someone trading in this manner. The noble Lord must know that the technology of increased speed is widening the spread between buying and selling, and therefore gives an incentive to people operating at that level to take advantage.

Lord Bridges of Headley: My Lords, I am certainly not complacent. The noble Lord raises a good point, and I reiterate that the Government take the matter of regulating financial markets in their entirety very seriously and closely follow developments in these markets. As I said, investment firms and trading venues should ensure that robust measures are in place to prevent automated trading creating a disorderly market and being used for abusive purposes. The new rules under MiFID II will ensure that such measures are in place.

The Lord Bishop of Chester: My Lords, I am a bear of little brain in relation to algo-whatever-it-is trading, and I speak as a fool. However, would this not all be solved if there was a rule that if you bought shares, you had to keep them for more than a few nanoseconds—maybe a few minutes?

Lord Bridges of Headley: The right reverend Prelate makes an interesting point. I refer him to the excellent Foresight report, which says that,

"liquidity, as measured by bid-ask spreads"—

I will test him on that later—

"and other metrics, has improved".

Care Sector: Apprenticeships

Question

2.51 pm

Asked by ***Baroness Bakewell***

To ask Her Majesty's Government, in the light of the report *The UK Nursing Workforce: Crisis or Opportunity* published by consultants Christie + Co on 3 June, which highlighted a serious staff shortage in care homes, what proportion of new apprenticeships will be in the care sector.

The Earl of Courtown (Con): My Lords, apprenticeships are paid jobs with quality training. Officials in BIS and the Department of Health are discussing what can be done to offer more opportunities as part of the commitment to 3 million apprenticeship starts in this Parliament. Our priority is to work with employers to increase the number of apprenticeships. We are developing a comprehensive plan for growth, including a renewed emphasis on communications and a greater role for the public sector.

Baroness Bakewell (Lab): I thank the noble Earl for that Answer. I was specifically concerned about the great shortage of nurses, who are needed in this country. The burden of the need for nurses falls particularly heavily on care homes. On Wednesday, the National Care Forum will publish a survey showing that in the care workforce, only 12% are under 25 years old and 50% are over 45 years old. Recruitment is difficult because there is no clear career pathway—it is seen as a low-wage, high-turnover job. So can the Government offer young people a lifetime career in caring, with training and promotion prospects from care assistants into nursing professionals?

The Earl of Courtown: My Lords, the noble Baroness asked a number of questions. She asked about a career pathway for young people going into the sector. If we look at the apprenticeship starts by sector, and particularly at the Trailblazer system of industry-designed apprenticeships for getting people into them, there is one for nursing, another for adult care, another for healthcare and another for early years. There have also been in excess of 250,000 new apprenticeship starts in the care sector between 2010-11 and 2013-14. Apprenticeships are one route for those who want to progress into a satisfying career within the care sector.

Baroness Brinton (LD): My Lords, the Christie report points out that 20% of nursing students drop out of their university courses, which is a waste of their careers and of public money. Can the Minister say what the Government are planning to do to reduce this dropout rate as a matter of urgency? To have a shortage is not good enough, but to waste 20% of those who enrol in university courses is a disgrace.

The Earl of Courtown: The noble Baroness is quite right about people leaving these courses after they have been accepted on them. Ministers in various departments are discussing this issue.

Baroness Pitkeathley (Lab): My noble friend's question refers to the care sector. Does the noble Earl agree that the care sector must extend to domiciliary care—care given in people's own home—where job satisfaction is even lower, what with 15-minute visits and so on? Improving the quality of that care is essential. Does he agree that these apprenticeships should also take domiciliary care workers into account?

The Earl of Courtown: The noble Baroness is quite right. Domiciliary care for people in their own home is so important. At the same time, the standard of care also has to increase.

Baroness Andrews (Lab): Is the Minister aware that the RCN has estimated that more than 3,000 overseas nurses currently earn less than £35,000 and are therefore liable to be deported in 2017 as a result of the Immigration Rules? Can he tell me how many of those nurses are in the care sector? Can he also tell me why nurses are not on the shortage occupation list, which would exempt them from those regulations? Will he make it his business to see whether the Home Secretary can change that?

The Earl of Courtown: My Lords, the noble Baroness mentioned the shortage occupation list. In February, following a commission from my right honourable friend the Home Secretary to conduct a limited review into a number of occupations on the shortage occupation list, which included roles in the health sector, the Migration Advisory Council advised against putting nurses on the shortage occupation list, after taking evidence from a range of stakeholders. Controlling migration is part of our plan to build a system that is fairer to British citizens. Employers must first try to recruit from the settled workforce.

Baroness Emerton (CB): Does the noble Earl agree that the apprenticeship scheme should encourage young people, particularly those coming into nursing, but that at the same time it is important that enough supervision and basic knowledge are given to apprentices before they are allowed to practise, to prevent any mishaps or mistakes being made and ensure that the quality of care is satisfactory?

The Earl of Courtown: The noble Baroness is quite correct that the quality of care in these roles is so important, as is the fact that so many young people are coming into this area. According to the overall apprenticeship figures, covering the whole employment workforce, there are now more than 119,000 apprenticeship starts for those under the age of 19, which is an increase of 4.6%.

Lord Avebury (LD): Can the noble Earl tell us the cost of employing agency nurses in the health service in the current—

Lord Lucas (Con): My Lords—

Noble Lords: Order!

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): We have not heard from the Conservative Benches on this Question.

Lord Lucas: Does my noble friend think that the care sector is perhaps a particularly suitable occupation for people over 45? When you have brought up a few children you have had the rough edges knocked off you, and are likely to be a much easier companion for an old person.

The Earl of Courtown: My noble friend is quite right. I think the noble Baroness mentioned older people leaving the profession. As I understand it, the current

figures are flattening out and improving, and there is more retention of people approaching retirement age.

Lord Young of Norwood Green (Lab): My Lords, is the Minister confident that there really is an attractive career path for young people going into the care profession, whether in homes or in domiciliary care, and that there really is a pathway through to nursing in this vital vocational route, taking into account that demand in this area will expand significantly?

The Earl of Courtown: I think that the fact that, as I mentioned, there has been in excess of 250,000 new apprenticeship starts in the care sector in the last three to four years speaks for itself.

Voting: UK Overseas Citizens

Question

2.59 pm

Asked by ***Lord Lexden***

To ask Her Majesty's Government whether they will fulfil their commitment to extend full voting rights to all United Kingdom citizens overseas before the referendum on United Kingdom membership of the European Union.

The Parliamentary Secretary, Cabinet Office (Lord Bridges of Headley) (Con): My Lords, the Government are committed to making a permanent change to remove the 15-year time limit on the parliamentary voting rights of British citizens living overseas. The Government are currently considering the timetable for doing so and will set out more detail in due course. At this stage I am afraid that I can make no commitment that it will be possible to make this permanent change in time for the referendum, the date for which is yet to be set.

Lord Lexden (Con): I have long supported the extension of voting rights to all our fellow countrymen and women living outside this realm. As it happens, I have also long supported my noble friend, whom I welcomed to the Conservative research department 23 years ago. This is my first opportunity to welcome him here. I thank him for his comments about the importance of this issue, which, as he knows, stirs very strong feelings indeed, not least among the estimated 2 million who live in other EU countries. Will he do all he can to expedite the Bill to give them votes for life, which was promised in the Conservative manifesto?

Lord Bridges of Headley: My Lords, my noble friend is quite right; he marked my work some 23 years ago. It was quite a daunting experience then, so I do not look forward to his marking of this answer. I cannot go much further than the Answer that I gave. All I will say is that I entirely share his sentiment that Britons abroad do, indeed, retain strong links with this country through family and friends. Many others remain fully up-to-date on British affairs thanks to today's modern communications. I pay tribute to the work that my noble friend has done, along with many other noble Lords such as my noble friend Lord Norton and the noble Lord, Lord Tyler. The Government remain committed to fulfilling their commitment.

Lord Roberts of Llandudno (LD): My Lords, if Greece can arrange a referendum within a week, why is it going to take us two years—and even then be uncertain whether the commitment can be fulfilled?

Lord Bridges of Headley: I thank my noble friend the Minister for his advice. As he just said, we will be awaiting the dates of the referendum in due course.

Lord Tomlinson (Lab): Would the noble Lord accept that there is something particularly wrong when people serving this country overseas—particularly the many Britons who serve in European Union institutions and have developed their career there—are denied a vote? It is particularly obscene that they should be denied a vote in a referendum on our future membership of the European Union. Will he ensure that something is done as speedily as possible about that particular category?

Lord Bridges of Headley: My Lords, the franchise for the EU referendum is obviously based on the parliamentary franchise, and that is what we intend to stick to.

Lord Kennedy of Southwark (Lab): My Lords, will the commitment to extend voting rights to UK citizens living overseas also include their right to make donations to political parties in the UK? Does the noble Lord think that it is right that, when an individual has been living overseas for 20, 25, 30, maybe even more than 40 years, donations can be made from income that has neither been earned in this country nor had UK tax paid on it?

Lord Bridges of Headley: My Lords, when we publish the Bill we will make all these matters clear.

Lord Cormack (Con): My Lords, will my noble friend give further consideration to the desirability of compulsory registration? I apologise for making this point yet again, but if we are to have a referendum that gives an opportunity to all our citizens to vote, should we not place a certain obligation on them so to do?

Lord Bridges of Headley: My Lords, I believe that this is a matter that your Lordships and many others have discussed many times and will continue to do so, but, as I have said, we have set out our view on the European referendum. It will be based on the parliamentary franchise. However, I am sure that we will continue to have the debate that my noble friend wishes to have.

Lord Wallace of Saltaire (LD): My Lords, do we have any idea how many British citizens there are overseas and how many of them are dual citizens of the United Kingdom and other countries? When I was in government I tried to find out figures on this and got estimates that varied between about 4.5 million

[Lord Wallace of Saltaire]
and 6 million. Could the Government possibly aid us all by trying to get some accurate estimates, including of where they live and how many of them are dual citizens?

Lord Bridges of Headley: My Lords, I hardly dare say that my efforts will be greater than those of the noble Lord. What I will say, reading from my brief, which I am sure the noble Lord remembers, is that there are 5.2 million British-born migrants living overseas. I do not have a breakdown but I will certainly ask. I would stress that more than 105,000 British citizens resident overseas were registered to vote in the election—more than three times the previous highest number.

Lord Reid of Cardowan (Lab): My Lords, I congratulate the Minister on his enthusiasm for ensuring that British citizens abroad get their rightful democratic part in the process. But before he gets to abroad, could he just consider at home, where 800,000 people born and bred in Scotland did not have a vote, though resident in the United Kingdom, in something that affected Scotland and the United Kingdom? Would he bear in mind, when he is looking at those abroad, that just as charity and various other things start at home, the franchise should start at home as well?

Lord Bridges of Headley: The noble Lord makes a very interesting and good point. I would draw his attention to the fact that important steps have already been taken to increase levels of voter registration. For example, over £14 million has been invested over the past two financial years to support the cost of activities aimed at increasing the levels of voter registration.

European Union (Approvals) Bill [HL]

Second Reading

3.05 pm

Moved by ***Lord Freud***

That the Bill be now read a second time.

The Minister of State, Department for Work and Pensions (Lord Freud) (Con): My Lords, the purpose of the Bill is to approve two draft decisions of the Council of the European Union. Both rely on Article 352 of the Treaty on the Functioning of the European Union, which allows the Union to take action to attain one of the objectives set out in the treaties, but for which there is no specific power given, provided it has the unanimous support of all member states.

For the UK to agree these draft decisions at Council, Parliament must first give its approval. Section 8 of the European Union Act 2011 provides that a Minister may vote in favour of an Article 352 decision only where the draft decision is approved by an Act of Parliament. I am pleased that Members of both Houses will have the opportunity to decide whether to approve such measures.

The first decision will enable the Former Yugoslav Republic of Macedonia to be granted observer status in the European Union's Fundamental Rights Agency. This proposal has been around since 2010, clearing the UK parliamentary scrutiny processes then in place. In April last year the decision re-emerged, with the Greek presidency having lifted its block on the decision. At that point, all other member states were ready to vote in favour of the decision. However, the requirements of the EU Act meant the UK had to enter a scrutiny reserve for the decision pending approval by an Act of Parliament. The Former Yugoslav Republic of Macedonia has been an EU candidate country since 2005, but in recent years we have seen serious backsliding on reforms. A political crisis has been unfolding in the country over the past year, which has raised serious concerns about the rule of law and adherence to democratic principles. The Foreign Secretary recently discussed the crisis with EU partners at the Foreign Affairs Council on 22 June.

The Government consider that a decision enabling the Former Yugoslav Republic of Macedonia to become an observer to the agency would assist the country in tackling the reform challenges it faces and provide advice and help on human rights issues. A recent European Commission report set out a series of recommendations needed to return the country to the path to EU accession. This included reforms related to freedom of expression and the rule of law. Observer status at the agency could allow the country access to advice and assistance on fundamental rights issues to help take forward these reforms.

The second measure is a decision of the Council enabling the EU tripartite social summit to continue to operate. The summit is a regular forum for meetings of representatives of the European social partner organisations, the European Commission and the Council to enable high-level discussion between the three parties on employment and social aspects of the European agenda for growth and jobs. It was established by a Council decision in 2003 and usually meets on the eve of the European Council in spring and autumn. A new decision to re-establish the legal basis for the TSS became necessary because the article of the EU treaty it had relied on, Article 202, was repealed when the EU treaties were reformed under the treaty of Lisbon, agreed in 2007.

At the same time as renewing the decision under a new legal base, the draft decision seeks to take account of changes within the EU in the intervening decade so that it is fully aligned to wider strategies and reflects any technical changes. These changes are that, first, the Lisbon treaty gave the European Council a formal institutional role and its own President. To reflect this, the draft decision gives the Council President a joint-chair role at the summit. Secondly, the draft decision also brings recognition, in Article 152 of the Treaty on the Functioning of the European Union, of the value and role of the TSS as part of EU social dialogue arrangements. Thirdly, in 2010 the Europe 2020 strategy replaced the Lisbon agenda for employment and growth which the TSS originally served. Europe 2020 is the European Union's 10-year jobs and growth strategy. It was launched in 2010 to create the conditions for smart, sustainable and inclusive growth. Finally, the decision had to recognise that some of the employer organisation members have changed their names.

Dialogue at European level is the purpose of the summit. The Government are able to support the continuation of the summit, the proceedings of which can lend support to building consensus for labour market reforms needed in other member states. The Council published the final agreed text of the tripartite social summit measure and it has received consent from the European Parliament. It is therefore ready for adoption, subject to UK agreement, as all other member states have given their approval.

There are no financial implications for the UK for either decision. There would be negligible or no financial impact to businesses, charities or the voluntary sector in the UK. Over the intervening decade, no apparent risks for the UK have emerged during the existence of the TSS. I confirm that I do not consider that any of the Bill's provisions engage the rights set out in the European Convention on Human Rights, so no issues arise as to the compatibility of the Bill with those rights. It is also the intention for the Bill to come into force on the day of Royal Assent. For the reasons I have outlined, I commend the Bill to your Lordships. I beg to move.

3.13 pm

Baroness Ludford (LD): My Lords, I thank the Minister for introducing this Bill, the substance of which need not detain us terribly long. It is obviously useful if Macedonia becomes an observer in the work of the Fundamental Rights Agency. Is any progress being made on the name of Macedonia? I have not heard anything recently on that. FYROM is clearly not a name that will inspire a sense of identity. We have been on that issue for a very long time. Where are we in trying to make the Former Yugoslav Republic of Macedonia simply Macedonia?

Regarding the tripartite social summit, I believe that the European Commission has decided not to take this opportunity for any fundamental changes in its remit or design, so this is just some tweaking in the light of the Lisbon treaty. Clearly, there is no reason to oppose or resist this in any way.

On process, can the Minister say whether this is required to be primary legislation under Section 8(3) of the European Union Act 2011? I did not have the pleasure of taking part in the debate on that legislation when it was going through, as I was a Member of the European Parliament at that point and was disqualified from sitting or voting in this House. Was it anticipated that this kind of issue would require primary legislation? Clearly, there were some meaty issues within the scope of the EU Act 2011, not least the one about a referendum if there were any significant transfers of powers to the EU. However, we now find that we are required to legislate under primary legislation for two matters such as these which have either cleared scrutiny beforehand in 2014 or would perhaps not even have required scrutiny. In fact, I am not clear whether they would even have required secondary legislation or just notification to the scrutiny committee. How necessary is it to have primary legislation now on these measures, and how many other such instruments might we expect in a year, for instance, to have to legislate on as opposed to clearing through scrutiny or even having secondary legislation? This almost makes a mockery of EU affairs and of the EU Act 2011.

I would be grateful for answers to those few questions about process. On the substance of the matter, there is no objection from these Benches.

3.18 pm

Baroness Sherlock (Lab): My Lords, I thank the Minister for explaining the measures in some depth and with the kind of enthusiasm which they frankly merit. I thank the noble Baroness, Lady Ludford, for raising the question of process.

I read the Bill and the Explanatory Notes and, indeed, the report of the House of Commons scrutiny committee quite carefully, and that is half an hour of my life that I am not getting back. By the end of it, I was still not much clearer as to what it was that was of such import in these measures that primary legislation should be required—a point made by the noble Baroness, Lady Ludford. Can the Minister enlighten the House? I fully accept that this is not my area of expertise—I do work and pensions. Are there any far-reaching consequences flowing from the draft decision on the participation of the Former Yugoslav Republic of Macedonia as an observer in the work of the EU Agency for Fundamental Rights? Does that in any way have an impact on any possible timeline for an application from Macedonia for future membership of the EU? Are there any other consequences which are not immediately apparent from the documentation?

I wonder if I can help the noble Baroness, Lady Ludford, on the draft decision in relation to the tripartite social summit. Initially, the former Minister of State for Employment, Esther McVey, seemed to take a similar view. She initially questioned the legal basis on which this was brought forward. The House of Commons European Scrutiny Committee reported the Minister as saying that the Government would,

"ask the Commission more fully to substantiate its reasons",

for proposing Article 352 of the Treaty on the Functioning of the European Union as the legal basis for the draft decision. Further, because an Article 352 measure is subject to the requirements of Section 8 of the European Union Act 2011, a further assessment would then be needed by the Government to determine whether one or more of the exempt purposes set out in Section 8(6) of the 2011 Act would apply, as the Minister knows.

The committee asked the Minister to explain her reservations and whether she considered that there was any other legal basis on which this could have been brought forward. The committee said that it could not see that any of the statutory exemptions would apply in this case and asked the Minister to let it know what the basis was for her reservations. The Minister came back and confirmed, basically, that the Commission had taken the view that it had to bring it forward under Article 352 because there was no other suitable legal basis. She then explained the Commission's reasoning for it. So we never really got to find out the Minister's reservations in the first place. Could the Minister perhaps tell us whether there was any alternative to doing this? If not, the question from the noble Baroness, Lady Ludford, is a good one. Are we going to see a succession of minor measures coming through, all of which will require primary legislation?

[Baroness Sherlock]

I feel rather strongly about this matter, as I work in pensions often with the noble Lord, Lord Freud, and I have stood in the Moses Room scrutinising repeatedly the entire detail of universal credit, which is a reform of all working-age benefits, done in secondary legislation that this House cannot amend and on which scrutiny is limited. The Childcare Bill is going through this House at the moment, and most of the detail will be in secondary legislation. Yet we are assembled in all our grandeur here to look at the detail of what seem on the face of it, to my inexpert eyes, to be rather minor measures. I am quite sure that I have misunderstood it, and I very much look forward to the Minister's explanation.

3.21 pm

Lord Freud: My Lords, I am grateful for the contributions to the debate, albeit they are of a different nature to the contributions that I am used to on some of the more substantial things that we have discussed. I accept the distinction that the noble Baroness, Lady Sherlock, made in that regard.

Before I come on to the specific questions, I shall go through the two areas again. The point of the Bill is so that we can approve two draft Council decisions. On the question of how many such decisions there have been under Article 352, asked by the noble Baroness, Lady Ludford, we have had two this year and two last year—so it is not the beginning of the flood that Noah suffered. Under the Bill, we discussed the participation of the Former Yugoslav Republic of Macedonia as an observer in the work of the European Union Agency for Fundamental Rights. It is the objective of that country to become a member of the European Union, but it needs to set out key reform priorities, which have been set out by the European Commission. The Government want to encourage the Former Yugoslav Republic of Macedonia—I have to choose my words carefully—on the reform path. Granting observer status is consistent with that approach.

At this point, it might be worth picking up another point from the noble Baroness, Lady Ludford, on the name issue—because I have already used quite a lot of my time repeating four or five words very carefully. The UK has supported efforts which have been made under UN auspices to find a mutually acceptable solution to the name issue. Regrettably, I have to report that no solution has been found so far. There have been some confidence-building measures agreed between Greece and Macedonia and we hope that that will start to lead to a solution to the problem.

On that specific issue, the competency of the agency will not be extended by doing this. It means that the Former Yugoslav Republic of Macedonia should be supported to increase its human rights awareness and the promotion of fundamental rights within the country. The FRA could provide Macedonia with advice on the promotion of human rights and principles. It will collect and analyse data on the human rights situation in the country and assist with reforms. The noble Baroness, Lady Ludford, asked about the impact on accession. This process could possibly contribute in terms of its path towards the EU.

The UK does not take part in the tripartite social summit. However, the dialogue at this European-level forum is welcomed in support of building consensus for the labour market reforms needed in other member states. The summit has met for some years now and this draft decision effectively seeks to re-establish its legal basis. Both noble Baronesses asked whether we should be spending our primary time doing this. Essentially, Article 352 is a protection to make sure that things that do not fall within specific areas of EU competence cannot be agreed without this House and another place agreeing to it. That is the purpose of the article. These issues happen to fall within that position. The former Minister for Employment, Esther McVey, explained that the Government and the Commission's understanding of the legal basis was the same and there was no alternative than to use Article 352. However, we can hope that we do not spend too much time in this House on matters such as this. As I said, there are not too many more due, certainly not this year.

I think that I have covered all the points raised by noble Lords. I commend the Bill to your Lordships and ask you to give it a Second Reading.

Bill read a second time.

Childcare Bill [HL]

Committee (2nd Day)

3.29 pm

Relevant documents: 2nd Report from the Delegated Powers Committee, 3rd Report from the Constitution Committee

Clause 1: Duty to secure 30 hours free childcare available for working parents

Amendment 20 not moved.

Amendment 21

Moved by ***Baroness Pinnock***

21: Clause 1, page 2, line 23, at end insert—

"( ) Regulations as described in subsection (5)(c) must ensure that the times available provide sufficient flexibility—

(a) to parents who work outside the hours of 9 am to 5 pm, Monday to Friday; and

(b) to ensure that childcare is available during school holidays within the local authority area of the relevant childcare provider."

Baroness Pinnock (LD): My Lords, we are recommencing our discussions on this very important and much welcomed Bill to extend free childcare by 15 hours per week. The purpose of this amendment is to require more explicit flexibility in the provision as outlined. I welcome the Minister's assurances that there will be flexibility within the provision, but, sadly, that is not entirely clear in the Bill.

What do we mean by flexibility and why is it so important that we have put down an amendment? The Bill would be much improved if it stated that the Government intend to provide 1,140 hours of free childcare per year rather than, as stated in the Bill, 15 hours for each of the 38 weeks of the school year. It would encourage providers to think about the needs of

families and their young children. Many parents have non-standard hours of work, often in low-paid work such as cleaning, hotel work or caring for older people, and some parents work shifts, particularly in the nursing profession. All those people would benefit from greater flexibility in the provision. In our view, this will not happen unless there is encouragement and incentive from the Government to do so.

In addition to trying to meet the working hours of parents, there is the additional challenge of providing free childcare during the school holidays: the 14 weeks of the year in which schools are not working. That is a not insignificant problem for many families. In those 14 weeks, they have to try to juggle grandparents, neighbours and other people who willingly give up time to help them manage their working lives and the need to provide childcare—or they have to pay for additional childcare, often, as we discussed earlier in Committee, at a very much increased hourly rate, sometimes as much as twice the rate that is paid by the Government for the so-called free hours. That is a huge challenge for many families. Flexibility during holiday times and enabling families to get out to work in times other than the traditional nine to five, which is the basic provision in the Bill, would be greatly welcomed by many families, particularly those on low pay, on whom I hope this Bill is particularly focused. I beg to move.

Lord Touhig (Lab): My Lords, I shall speak to Amendments 23 and 24. They would place in the Bill the current permitted staff to child ratios for childminders and nurseries. One of the central themes running through the Second Reading debate was concern about the capacity of the early years sector to provide the extra free hours. For example, the right reverend Prelate the Bishop of Durham spoke of the strains on providers not in purpose-built facilities who cannot extend their opening hours. My noble friend Lord Sawyer and the noble Earl, Lord Listowel, talked of low pay and staff shortages. Many noble Lords spoke of the underfunding crisis in the sector and the limitations of cross-subsidy options. As we know, this point will be part of the Government's review of the finances of the extension.

The Minister and this side have a difference of view about the health of the sector and its capacity to expand and take on new duties. I sincerely hope that we are proved wrong, but in the mean time, there is concern that the Government will look again at increasing the staff to child ratio as a quick fix to deal with the capacity issues. We believe that these amendments are necessary because of this Government's public statements and attempts in the past to increase the ratios.

This would be all too easy in the future as the current ratios are in regulations which can be changed by the Secretary of State. We are therefore keen to provide the necessary reassurance and guarantees to parents and professionals alike that the current ratios are safeguarded. Noble Lords will recall that there was a massive outcry across the sector when it was proposed to change the ratios. It was felt that this move would compromise quality and put children's lives at risk and, as a result, the Government had second thoughts and backed down.

However, there is real concern that with the drive to increase the supply of early years places the Government might revisit the original plan. We believe that the current ratios have stood the test of time in balancing the quality of provision with the cost to providers and therefore parents. Professor Nutbrown, who has advised the Government on early years provision, has made it clear that she would oppose any change in the ratio. She quite rightly makes it clear that good-quality provision is directly related to the qualifications and training of the staff involved, as well as their capacity to relate to the children on an individual basis. This is crucial to the well-being and development of young children.

Our proposals would ensure that a single childminder can care for up to six children under the age of eight, including a maximum of one baby under 12 months and another two children under five. By anyone's imagination it would be quite a workload and a challenge to provide appropriate care across the age group. I looked after one of my granddaughters, aged 22 months, for part of the weekend and can certainly testify that it was challenging indeed.

There must be one member of staff at a nursery for every four children aged two and three and one for every eight children over the age of three. We would also set out the minimum qualifications for these staff members in regulations. Again, the ratios as they stand sound fairly challenging. But they are necessary not just to support the crucial period of early years development but to provide safeguarding and protection for vulnerable children. Nursery staff already work under considerable pressure and we should not be tempted to add to it. So we believe that it is necessary to protect the current ratios and putting them in the Bill would guarantee that if any changes are proposed in the future they would have to come to Parliament and be subject to extensive parliamentary scrutiny and debate. We believe that that would be the right way forward.

Lord Northbourne (CB): My Lords, might I ask in the context of this debate what the Government mean and we mean by quality in childcare? Is it the quality of childcare only or the quality of childcare and the relationship between the adult and the child? I respectfully submit that one of the most important factors in childcare is the relationship that develops between the child and the carer.

The Government have adopted the early years formula and put a lot of money into it. I think that they are absolutely right to do so, but I suggest that to some extent this Bill in mechanising, as it were, the management of the care of children runs the risk of losing the relationship by which a very young child learns to love, care and interrelate with other human beings. I wonder if the fact that so often we are losing that relationship in the early years is not the cause of some of our troubles in family life later on as the young people get older.

Lord True (Con): My Lords, I have a good deal of sympathy for some of things said by the noble Lord, Lord Northbourne, although I would not follow him the entire way. However, while I understand why noble

[LORD TRUE]
Lords have tried to provoke a debate on regulations—we do need one at some point—at this stage of policy development it is quite difficult because we still have not resolved the underlying issue of the nature of what we are about.

I understand the logic of it, but I am concerned by the amendment in the name of the noble Baroness, Lady Pinnock. We already have before us a proposal for the state to provide universal childcare for 1,140 hours a year—although the state will not provide it: the poor old providers in the schools and all the other people will have do that. As we found at Second Reading, that is more than we ask for sixth-formers studying for A-level courses or for pupils studying for their GCSEs. However, we are saying to those three and four year-olds, "Come here and stay for 1,140 hours". That cannot in any sense all be about education—it certainly is not entirely about the effective relationships that the noble Lord, Lord Northbourne, was talking about. Now, on top of that, to say in Amendment 21 that the settings must provide even more than 1,140 hours a year is, if you will forgive the classical allusion, to pile Pelion on Ossa. It is simply not conceivable that under regulation, which applies to everybody who works in this sector—you cannot have some people obeying the regulation, while others do not—these extra hours should be piled on also.

We hear a lot of talk about flexibility, and of course I support that, but again I urge the Committee to recognise that a lot of the women who provide this care and education—and they are mostly women; I keep saying that, but it is true—want their flexibility too. A lot of them are young mothers or grandmothers, and they cannot sit around in these settings at the behest of the state for hour after hour. That is simply not the way things work in the real world. Therefore if we are to have a debate about flexibility, can we please bear in mind the flexibility of the good people who have to provide that service and who have the vocational wish to provide education? I would be very wary about adding to the burden, as this amendment would, and I think my noble friend will be cautious about it.

On the regulation amendments, this may be premature, and I fully understand where the noble Lord, Lord Touhig, is coming from, but there are inherent disparities in the existing regulations. Maintained schools have to provide a lower ratio than private and voluntary providers. I do not quite understand the overall logic for that, but that is what it is. When plans to change the ratios were put forward recently, which I thought deserved a hearing, there was a bit of—what was the word used?—an outcry. However, the reality is that we cannot at once argue that a ratio of 1:13 is fine if you are in a maintained sector, but if you are in a non-maintained sector it has to be 1:8 or less. Clearly, there is room for some discussion about where to fit the right level.

Again, I will be nervous until we see the colour of the Government's money—or, rather, the way in which this system will work. It is premature in the debate to say that the existing regulations and hours are necessarily the right ones, as they may well not be affordable. There is a trade-off. You cannot have an immensely expensive policy of employment subsidy by providing places for children to be placed while their parents go off and do other things and necessarily do everything at the level you want to. Therefore we have to think about that. Again, however, I underline what I have tried to make my main theme in this Committee; if we are talking about quality, there is a lot out there that is to do with education, such as good learning and advancement of children's development. In trying to create a single universal policy by regulation, we must not lose sight of the diversity and richness of the educational element of early years care, which certainly cannot take place over a longer period than sixth-formers and GCSE students are asked to support. That is simply not on. I would be nervous about settling on particular regulations just at this moment, but I hope that we will have a chance to have this debate. My noble friend has offered the road to that in later proceedings on the Bill.

3.45 pm

Baroness Evans of Bowes Park (Con): My Lords, I would like to speak to Amendments 21, 23 and 24 on the flexibility of the extended entitlement to childcare for working parents. I thank the noble Baronesses, Lady Pinnock, Lady Tyler and Lady Jones, and the noble Lord, Lord Touhig, for highlighting this important issue. I hope that the noble Lord has fully recovered from his daughter's wedding last week.

Enabling greater freedoms and flexibility for providers to meet the needs of parents has been an important part of the steps that we have already taken to help delivery of the existing funded entitlement. The regulatory framework for the early years was thoroughly reviewed in 2012 and unnecessary red tape and burdens were stripped away. Steps have already been taken to ensure that parents can more easily access a place with a willing provider of their choice if that provider meets the quality standards set by Ofsted.

We have enabled and encouraged all parts of the market to grow, because we believe, as my noble friend Lord True pointed out, that diversity in this sector is extremely important. This is being done through, for example, the creation of childminder agencies and enabling childminders to deliver childcare on non-domestic premises, and measures to help school nurseries expand or work in collaboration with private, voluntary and independent providers. As the noble Baroness, Lady Pinnock, set out in Amendment 21, it is important that the 30 hours of free childcare for working parents of three and four year-olds is made available at times that provide sufficient flexibility to parents working outside the hours of 9 am to 5 pm and during holiday periods. I would like to provide reassurance that there is already flexibility in the system to accommodate both of these. Providers are not constrained to providing the existing funded hours over 38 weeks of the year or during standard working hours. They can instead make a "stretched offer" available. Working-tax credits, universal credit and, later, tax-free childcare will also enable parents to budget and pay for childcare throughout the year.

Under an existing duty, local authorities have to ensure, as far as is practicable, sufficient childcare for working parents who require it. In carrying out that duty, local authorities should take account of the different patterns of demand in the area, which will include childcare out of hours and during the holidays. Local authorities

should encourage existing providers to expand their provision and encourage new providers into the market to help parents to find suitable provision. A similar approach is needed for early years provision during the school holidays. It can be less of an issue for parents of children who have not yet reached compulsory school age, but we will continue to work with schools to encourage and support them to extend their nursery offers and hours outside term time.

I turn to Amendments 23 and 24 about adult child ratios for childminders and non-domestic group providers such as day nurseries. All early years childminders and group providers registered on the early years register must meet the early years foundation stage framework requirements around child development and welfare and well-being, including ratio and qualification requirements. The existing ratios give the flexibility to deliver the 30-hour entitlement in a safe, secure and welcoming way that contributes to child welfare and child development. We will not tolerate any provision that is detrimental to this, and provision will be regulated.

As noble Lords will be well aware, the English childcare system has some of the highest adult-child ratio requirements in the world. The current ratios and qualifications for early years childminders, group providers and the additional requirements referred to in the amendments are already set out in the early years foundation stage statutory framework. Ofsted is already able to determine that a provider must observe a higher staff-child ratio if needed to ensure the safety and welfare of children. These ratios provide significant flexibility for registered providers. For example, for children aged three and over in provision where a person with a suitable level 6 qualification is working with children, a 1:13 ratio can already be used.

With support from government, the National Day Nurseries Association produced case studies to help practitioners make use of the flexibility already available to them. The amendment seeks to enshrine ratios in primary legislation for the extended free childcare entitlement. As I have said, ratios for all providers are currently set out in secondary legislation, and this allows the flexibility to respond quickly if changes are needed to ensure that children are kept safe and well cared for. As we set out in the preceding Committee session, next year we shall consult on draft regulations and draft guidance for the proposed new duty.

The noble Lord, Lord Northbourne, raised the important issue of what we mean by quality. The EYFS statutory framework recognises that together good parenting and high-quality early learning provide the foundation that children need to make the most of their abilities and talents as they grow up. Of course continuity of care is important, but I hope that we can take strong reassurance that Ofsted inspectors take account of the need for the well-established key person system that helps children to form secure attachments and promotes their well-being and independence.

In conclusion, I reiterate that delivering flexibility for parents is a vital principle of the Bill. I hope that noble Lords and noble Baronesses will have been reassured by my response to their amendments, and I ask that the amendment be withdrawn.

Baroness Pinnock: I beg to withdraw the amendment standing in my name.

Amendment 21 withdrawn.

Amendments 22 to 26 not moved.

Clause 1, as amended, agreed.

Clause 2: Supplementary provision about regulations under section 1

Amendment 27 not moved.

Amendment 28

Moved by ***Lord True***

28: Clause 2, page 3, line 21, at end insert—

"( ) Nothing in any regulations under this Act may impose any obligation on any private or voluntary childcare setting or school that does not wish, or is unable, to—

(a) participate in a scheme, or any part of a scheme;

(b) provide such information to the Secretary of State, a public body or local authority as may be required under this Act of participants in a scheme,

under this Act to provide 30 hours of free childcare."

Lord True: My Lords, I can be relatively brief, since some of this follows earlier discussions. I have yet to be persuaded that the ranks of providers and settings that we are told are required will spring into being. I was interested in what my noble friend said in response to the previous amendment: new settings will emerge that will enable flexibility. When I think of the struggles that I have as a local authority leader to find settings for primary schools, let alone nursery schools, I do not think it will necessarily be quite as easy as that. Furthermore, I urge that, when we read through this debate, the point that I made about flexibility as it applies to part-time workers and the people providing the service is understood. We ask a lot of our nursery teachers at the moment and many of them have busy family lives.

My main point with regard to this amendment is that, at the moment, the voluntary, private, independent sector is relatively small. However, the Bill envisages an economy in which we move to an expectation that any setting that is participating in this scheme will actually provide 30 hours of care for 38 weeks a year. As I tried to illustrate on an earlier amendment, there are a very large number of settings in rented premises such as church halls and parish halls, or providers whose teachers want to follow the school term because they themselves have children at school; it suits many such employees to have school holidays. For various reasons, many providers will simply not be able to provide the 30 hours for 38 weeks on any method. Some will not be willing to do so because they place greater emphasis on educational purpose than on occupying the crease. There is a dashing element to education and there is a Geoff Boycott mode of being there for 1,140 hours to fulfil the commitment. I do not expect a formal answer from my noble friend. All I am asking on this amendment is to consider those

[LORD TRUE]
extremely valuable settings in villages and small places where the parish hall may be required for other purposes. Socially, they are extremely important and they should not be hyper-regulated to whatever extent the Treasury says we have to regulate this new sector to protect public money—so that for the 30 hours and 38 weeks we have to comply with 65 pages of new regulations to ensure that the state's money is protected.

All I am asking is that it is understood, just as we understand with independent education, academies and free schools, that there may be some variety. There may be places where good-quality education is provided where it is not necessary to conform to every regulation that the state puts forward for this 30-hour, 38-week scheme. This is a plea to my noble friend as he reflects on this. This informal sector should not be snuffed out by being crowded out by state-supported provision and commercial ventures that are allowed to borrow against the certain stream of the 30-hour, 38-week commitment from the taxpayer. If it is to be nurtured, can we give those settings the same degree of latitude with regulations, while obviously making the same demands about inspection, that we give to the excellent educators in academies, free schools and the independent sector in maintained education, where we do not necessarily expect everything to be the same? That is the thought behind Amendment 28. It is not necessarily a perfect amendment, but just a thought that I place.

Amendment 38 is simply a rider to that. Ofsted does important work, and every setting needs a "good" or "outstanding" Ofsted finding to succeed. When Ofsted is assessing educational quality—not just Geoff Boycott occupying the crease—can we be sure that in no circumstances will it include in any report that the setting is not open for 1,140 hours and is therefore not conforming to the standards that are expected? It is very easy to slip into that sort of position.

I am not expecting an answer now because Report and later stages of the Bill will follow, but I fear that the independent informal sector may grow simply because it physically cannot conform to the requirements of 30 hours and 38 weeks. We should not resent that or compete with it. We should nurture it and that should be understood in the policy approach to regulation and inspection. I beg to move.

Baroness Pinnock: I want to comment on two aspects of what the noble Lord, Lord True, has proposed. He raised the issue of capacity, which we raised on the first day in Committee. We received assurances from the Minister that capacity would be much less of an issue than some of us feared. I trust that the Minister believes that to be the case. If so, perhaps the noble Lord, Lord True, is overstating the issues that he has raised today.

The second matter is more important and concerns the continuity of care provided if we go for this 30 hours a week. Almost inevitably, as we said on the first day in Committee, many children will take part in different settings, so 15 hours may be in a school nursery setting and the other 15 in a private nursery, with a childminder or a combination of all three—childminder, private sector day nursery and state nursery. We should think very carefully about that. I hope that the Minister will be able to come back with some thoughts about this. Very young children may be moving between those three different settings during the course of a day. How does that benefit them? How can we overcome some of those changes that the noble Lord, Lord True, has raised in the discussion around his amendment this afternoon?

Lord Northbourne: My Lords, I make a very brief intervention and I have to declare an interest. Is there not some scope for grandparents in this pattern? Will it be possible, for example, for some of those hours to be taken up formally by grandparents or other relations of the child?

4 pm

The Parliamentary Under-Secretary of State, Department for Education (Lord Nash) (Con): My Lords, I shall speak to Amendments 28 and 38. I also thank the noble Lord, Lord True, for raising this issue and I hope I can satisfy him that we are keen to stimulate new provision and not crowd it out by regulations. As someone who has fielded against Boycott, I can assure him that his approach is deceptive. He does actually hit the ball extremely hard.

As I explained in Committee last week, no provider is required to offer places under the existing entitlement. It is of course very pleasing that so many choose to do so. I do not expect that providers will be required to provide places for these additional hours should they choose not to do so. If they do not, they will not be prevented from providing places under the existing entitlement of 15 hours. We have no plans to make the regime more burdensome. If a provider is providing the existing 15 hours, he will have a service-level agreement with a local authority and if that is how he decides to provide the extra 15 hours, he will have a service-level agreement for that provision. However, if a provider decides not to deliver this, there will be no plans for extra regulation.

The noble Lord asked whether failure to provide places will be reflected in Ofsted assessments. A rigorous inspection regime is important to ensuring the effective use of government funding and improving the quality of provision that children receive, regardless of whether they accept children under the free entitlement or not. However, I reassure the noble Lord that whether or not a provider offers free places will not be a factor in Ofsted inspection judgments. Of course, the quality of provision provided to such children will continue to be inspected. I reassure the noble Lord, Lord Northbourne, that, as I said last week, if grandparents are working they can therefore qualify for the provision. I will reflect on the points made by the noble Lord, Lord True, and the noble Baroness, Lady Pinnock, and I am happy to discuss those with them privately. I hope I have reassured the noble Lord others who have spoken about their concerns. I therefore urge the noble Lord to withdraw his amendment.

Lord True: My Lords, I am very grateful, as ever, to my noble friend for listening carefully; I found what he said very reassuring. I will obviously want to look closely at *Hansard*, but what is important above all is his clear commitment to continuing the dialogue with

providers and to understand the mixed nature of the sector. Having heard what he said, particularly his assurance regarding Ofsted—and in no way resisting the comments about quality, which is vital—I beg leave to withdraw the amendment.

Amendment 28 withdrawn.

Clause 2 agreed.

Amendments 29 to 33 not moved.

Amendment 34

Moved by ***Baroness Pinnock***

34: Before Clause 3, insert the following new Clause—

"Duty to report: child poverty target

(1) The Secretary of State must, in each financial year, starting with the date 12 months after the commencement of this Act, report on the impact of the free entitlement to childcare on meeting child poverty targets.

(2) For the purposes of this section, "child poverty targets" means the targets set out in sections 3 to 6 of the Child Poverty Act 2010."

Baroness Pinnock: My Lords, this is a timely amendment, given the Government's Statement of last week. When we were considering the Bill's impact, it seemed to us that it would be a progressive move to relate the benefits of the additional free hours of childcare to improvement or otherwise in measures of child poverty, hence the amendment tabled in my name.

When considering the impact of the Bill, we became concerned that the financial benefits claimed by the Government could be completely undermined by changes they are going to make elsewhere. We were right to be concerned, given their announcement last week that they aim to abolish the measures of child poverty that were instituted in the Child Poverty Act 2010. In particular, we are concerned that the combination of those changes and the changes to working families' benefits will have an adverse impact on child poverty.

There was cross-party support for the Government's attempt in the 2010 Act to set out targets to reduce child poverty. Therefore, I am disappointed—to put it mildly—that the Government are now intent on removing the income-related figures for child poverty and replacing them with measures of worklessness and educational attainment. If you are a child living in a family on low income or benefits, it matters little whether that is the consequence of your parents' worklessness or educational attainment, and there is little you can do about it. It is really important that we get to grips with this and use the Childcare Bill to lift more children out of poverty. I am sure there is a commitment to doing that across this House; it is the way we do it that will be a matter of debate.

The Government will want to use the undoubted benefits of the Bill to achieve that by agreeing to amendments that would extend the definition of working parents to those seeking to improve their education and skills. That would marry very neatly with what the Government said in the other place last week about educational attainment being a measure of poverty. If that is to be one of their measures, using the Bill to help parents who are seeking to improve their skills by going into education or training would combine the wishes of the Government with the Childcare Bill. That is something we could perhaps all agree to.

When I raised this issue last week, the Minister said that there were other ways for young parents who were in education to access some form of childcare, and he is right. But, having asked people over the weekend how this works, I can assure him that it is not that easy for young parents going into college, university or training to access really good free childcare. Aligning the Bill with the requirements of people going into education and training would be an enormously progressive move towards helping low-income families and therefore tackling child poverty.

If there is something we can do to lift more children out of poverty—which would have long-term benefits not just for them but for the country as a whole—and if we can do it fairly simply by linking parents' educational needs with the Bill, we should all try to do it. I would be very pleased indeed if the Minister rethought the answer he gave me last week, in the light of the Government's announcement, and I urge him to do so. I beg to move.

The Earl of Listowel (CB): I am grateful to the noble Baroness for moving this amendment. The Child Poverty Action Group has told us that it welcomes this legislation because of the positive impact that it is likely to have on child poverty. I hope that it may be helpful to remind the House of concerns about other current factors in play which might impact on child poverty.

I am grateful to the Minister for agreeing to a meeting on the issue of homeless families. I am reminded of a couple of times recently where, due to a combination of policy factors, many poor families have had to move out of London because they can no longer afford to live here. That is causing concern to employers, as their workforce is leaving London, and one must be concerned that those families are going to areas where they will have difficulty finding employment. While I know that this is an extremely difficult issue, it is helpful when we are talking about policies which will raise children out of poverty to keep in mind other things that might be pushing children into poverty and to think carefully about what we can do to hit that on the head as well.

Baroness Jones of Whitchurch (Lab): My Lords, I add my support to the amendment and to the comments of the noble Baroness and the noble Earl. What the Government are proposing in terms of redefining child poverty is an absolute disgrace. What we need is not a change to the definition of poverty but a plan to deal with poverty. The truth is that, after child poverty fell under the previous Government, last week's *Households Below Average Income* DWP statistics show that more than 4 million children have plunged into absolute poverty under this Government. The Government seem to be determined to disguise the fact that they are on course to miss the target of abolishing child poverty by 2020 by changing the statistical goalposts. So what assessment have the Government made of the DWP statistics? Do they accept that the number of children in absolute poverty is increasing?

[Baroness Jones of Whitchurch]

Following on from the Oral Question on the Family and Childcare Trust report, *Access Denied*, how will the provisions of the Bill contribute to meeting the child poverty target when children in disadvantaged areas are expected to miss out disproportionately on the early years provision? Does the Minister accept that families on low incomes frequently work on unstable contracts both in terms of the hours they are offered each week and the length of contract? These are the points that we rehearsed in the debates last week. So how can we be assured that low-income families will benefit from these proposals rather than being penalised—or even possibly criminalised—by their uncertain working patterns, where, for example, shifts are cancelled at short notice and the eight-hours criterion is not always met? This is a real challenge for us. How are we going to measure the progress that we are making on these issues? How can we be assured that disadvantaged children are not going to miss out disproportionately once again through these proposals? I look forward to the noble Lord's response.

Baroness Evans of Bowes Park (Con): My Lords, I will speak to Amendment 34, moved by the noble Baroness, Lady Pinnock. I recognise that, following recent announcements, noble Lords will be seeking to debate the wider issue of child poverty in the fullest way and I have no doubt that there will be further opportunities in the future. As the Secretary of State for Work and Pensions confirmed in the other place last Wednesday, the Government will be bringing forward legislation to remove the existing measures and targets in the Child Poverty Act, as well as the other duties and provisions. When this legislation is brought forward, there will of course be further opportunities to debate the many specific details. However, the legislation will at the same time introduce a statutory duty to report on measures of worklessness and educational attainment. We do not underestimate the importance of income and its impact on children's life chances, but we are clear that the current low-income measures do not drive the right action to tackle the root causes of child poverty, which are what we really need to focus on. That is why we have set out our proposals for new measures.

4.15 pm

We have long talked about the importance of work as a way for families to stay out of poverty. The Government have a proud record on this and we want to do even more. The provisions in the Bill will enable parents to take up work or increase their hours at work so that they can support their families. We know that work is the best route out of poverty. Around three-quarters of children from low-income families move out of income poverty when a parent moves into work or from part-time to full-time work. Compared to 2010, there are 390,000 fewer children living in workless households, which is a record low. That is why this measure is important and why we are focusing on helping families to increase their hours of work, if they so choose.

I hope that noble Lords will recognise that the debate today, and the focus of this Committee, is on the provisions in the Bill. With this in mind, I will respond to the amendment and not seek to address wider questions at this stage. During Committee, we debated how this extended free childcare entitlement will impact on children from disadvantaged homes. The investment that the Government have made in extending the offer of 15 hours' free early education to two year-olds from the 40% most disadvantaged homes and the early years pupil premium are extremely important. I hope that the noble Baroness, Lady Pinnock, is as proud as we are that these two programmes were implemented in the last Parliament.

As the noble Earl, Lord Listowel, said, the Government were pleased that the Child Poverty Action Group welcomed the additional free childcare as,

"an extremely positive move overall".

Ahead of Committee, the Government published their assessment of the impact of this legislation on child poverty. The assessment found that implementing this policy could result in fewer workless families, higher earnings from employment for those who increase their hours and a higher disposable income for those who already pay for additional hours of childcare to purchase other goods. I reassure noble Lords that the Government want to see this policy impact positively on the lives of all working families. We want the availability of more free childcare for three and four year-olds to reduce the childcare bill of hard-working families. We want flexible and affordable quality childcare to enable parents to increase their earnings to better support their families.

The effect of this amendment, as with a number of others debated during Committee, would be to require the Secretary of State to evaluate the impact of this entitlement in order to report on it annually. The Government understand the calls from noble Lords to increase our evidence and understanding of the impact of childcare and early education. As my noble friend Lord Nash and I referenced in the debate last week, the new longitudinal study of early education and development commissioned by the Department for Education is a significant commitment by the Government to evaluating the effectiveness of the current early education model in England and the impact of providing funded early years education—particularly, as the noble Baroness said, with regard to two year-olds from lower income families. I hope that noble Lords will be reassured that the intention of this amendment is understood and that the Government value the evidence base about the early years and the impact of significant investment such as this extension of free entitlement. On this basis, I therefore ask the noble Baroness, Lady Pinnock, to withdraw her amendment.

The Earl of Listowel: Before the noble Baroness withdraws her amendment, I thank the Minister for her comments and her elucidation of the Government's plans on child poverty. I recognise that she does not want to give any details now but it was helpful to have that information. I omitted to say that I was at a meeting with the Local Government Association a little while ago, which was chaired by her colleague the noble Baroness, Lady Eaton. The association is asking for greater flexibility in borrowing for housing, for instance. The Government might choose to take certain measures which would help it to increase the supply of housing. I will leave that with the Minister for her to think about.

Baroness Pinnock: I beg leave to withdraw Amendment 34 in my name.

Amendment 34 withdrawn.

Clause 3: Publication of Information

Amendment 35
Moved by ***Lord True***

35: Clause 3, page 3, leave out lines 26 to 28

Lord True: My Lords, having just spoken from a point of view sympathetic to providers, I now come forward as a paid-up member of the trade union of local authority leaders. I suppose that that is a switch from Dr Jekyll to Mr Hyde, since local authorities have not always been the flavour of the month in my noble friend's department. However, they do try honourably every day to assist in the provision of high-quality education, and I hope that that will be recognised as work on this legislation goes forward. Local authorities are not the enemy: they are often part of the solution.

This is a probing amendment—that is very clear. We are told that further regulations are to be produced requiring each English local authority to provide all sorts of as yet unspecified information. Governments have a terrible habit of requiring information from people, and I am afraid that local authorities sometimes do as well—I plead guilty to that, although I have tried to eradicate it. Every piece of information asked for that is not germane is a burden on business and a burden on the setting. It should be avoided unless it is of overwhelming social benefit. Filling in forms, answering emails and getting involved in chit-chat about whether information is expressed in the right way all take time away from administering, teaching and other important jobs. I hope that providing this unspecified information, whatever it is to be, will not add administrative burdens and costs to local authorities above the minimum level and certainly that it will not prove a burden on the providers and small settings.

The policy statement so helpfully circulated by my noble friend refers to the fact that, under existing legislation, local authorities currently provide a certain amount of useful information: the hours of the setting, where there is one; costs, if people wish to declare them; and other similar items. You can go on your local authority website and find out about nursery settings in your area. The policy statement goes on to say that although the new regulations will require more information, it will not be very different from what is already provided under the existing system. If that is the case, why have this regulatory power? How is it going to be used? Once we have given it away to the Government, or whoever, is there not a risk of regulatory creep as one Government succeed another? I do not think it is necessarily enough to pass a law that everything should stay the same. I ask for an assurance that over the course of the Bill we can have a dialogue about the burden that providing information imposes both on local authorities and on providers.

I conclude with one point that goes back to the position of the provider—particularly those providers that may be on the fringes of staying in the scheme. The more you press them for information, the more they become unwilling to give it, the more careless they get about filling in what they are doing and the more coercive systems can become. None of that is intended, but with accretive creep it could happen. If we are to have regulation then let us be absolutely clear about the boundaries, let us not take it too far and let us never consider that quality is necessarily assured by regulation. Regulation may be part of it, but quality is assured by good service and is tested and assessed in this sector by Ofsted. If this policy is as successful as my noble friend hopes, and anybody in this country is enabled to choose the care they want, then quality will also be provided—perish the thought—by the market, because no one will be constrained from making the childcare choices they want, and logically the good settings will succeed and the bad settings will not. So, please: let us have restraint on regulation. As we go forward I would be grateful for an assurance that my noble friend will talk to local authorities and providers about finding the right balance in the regulations required, lest we get into a merry-go-round of demand, counterdemand and otiose administration. I beg to move.

Lord Touhig: My Lords, in responding to the debate on the first group of amendments the noble Baroness asked whether I had recovered from my daughter's wedding, which took place last Thursday. We ended it yesterday with a family lunch. As the noble Lord, Lord Nash, and I agreed last week, in Wales a wedding can last a number of days. In my daughter's case that was certainly true.

My noble friend Lady Massey of Darwen cannot be with us this afternoon, so I shall speak to her Amendment 37. It is a straightforward amendment, which would place a duty on each local council to share information directly with partner agencies in the area, including children's centres. In my experience, something as simple as this is all too often overlooked when we consider a measure such as the Bill. To digress for a moment, I know from personal experience of the National Health Service in the past couple of years that structures are often in place that actively work against information sharing, to the detriment of a patient.

With this amendment we have the chance to ensure that this does not happen with the Childcare Bill. Information about childcare services is crucial and can be complex. Sources of information vary from the formal, through local authority networks, to the informal, by word of mouth. We welcome the Government's intention to ensure that parents can access information about childcare and other services through a range of sources in a local authority area. The amendment suggests that the requirement on local authorities to publish this information could go further to ensure that those who would benefit most from childcare support are made aware of good-quality care. Children's centres can and do work hard to reach parents. Action for Children's parent champions for childcare, based in children's centres, can give personal support and advice, which is often much needed.

There is much merit in the amendment. I hope that the Minister, if she cannot accept it today, will at the very least reflect on it and come back to us on Report.

Baroness Evans of Bowes Park: My Lords, I shall speak to Amendments 35 and 37 to Clause 3. I welcome the noble Lords' interest in this clause, which will help parents and prospective parents to access information on childcare and other services in their area by allowing regulations to require local authorities in England to publish prescribed information at prescribed intervals in a prescribed manner.

Parents and prospective parents currently face an information deficit on childcare. A recent report that the Department for Education commissioned found that parents are unsure where to find information and often are unaware of the range of childcare provision in their area. This is particularly important for parents returning to work, so that they can make decisions based on all available information.

Under Section 12 of the Childcare Act 2006, local authorities are required to establish and maintain a service—commonly known as a family information service—to provide information, advice and assistance to parents, and information for the benefit of children and young people. In operating their service, local authorities receive and collect certain information about childcare providers and other services and facilities in their area. This includes details of the overall picture of childcare offered and details of wraparound care on offer.

Where local authorities establish and maintain a good service and make information available it is extremely valuable for parents and prospective parents. However, local authorities are not required to publish this information. By putting local authorities under a specific duty in the Bill, we intend to change that. Therefore, we will set out in regulations the information that local authorities will have to publish. We are considering the information that we will prescribe for this purpose and I can reassure my noble friend Lord True that we do not currently envisage that this will be very different from the information collated under existing regulations. Of course, we are very happy to have further conversations with him outside the Chamber to further reassure him of this.

Of course, not only parents have an interest in accessing this information. Agencies and other organisations that provide information, advice and guidance to parents all need up-to-date and reliable information to share with service users. All, including partner agencies of the local authority and children's centres, will be able to access and benefit from the publication of information and data that local authorities are already collecting. We will set out in regulations when and how local authorities will be required to publish information.

I also reassure my noble friend Lord True that it is not our intention to enable or require local authorities to interfere in the normal day-to-day business of childcare providers, including nursery schools. Our focus is clearly on the publication of information that will help parents with their childcare choices. We entirely understand the importance of getting these details right and draft regulations will therefore be subject to public consultation in 2016.

I hope that noble Lords agree that this clause is a necessary and important step forward to help parents have access to the information they need to make the right childcare decisions for their families. On that basis, I urge the noble Lord to withdraw his amendment.

4.30 pm

The Earl of Listowel (CB): May I ask the Minister about a point of detail? At a recent meeting of the All Party Parliamentary Group dealing with children's centres, one of the practitioners said that, while in the past Ofsted has examined centres to see how they were engaging with fathers, it had been decided that it should no longer do that. For instance, when providing information to parents, a centre might say, "Dear Mum and Dad" or "Dear Mother and Father", rather than saying "Dear Parents", in order to reach out to and engage fathers. They do a lot of work to try to reach fathers. That should be recognised. It may not be the case—it was only one practitioner's experience—but I would be grateful if the Minister could write to me to confirm whether Ofsted is checking this, acknowledging the good work in this area.

Lord True: My Lords, I apologise to my noble friend. She looked around to see whether I was still in my place. I share the concern of noble Lords who are coming in about the trauma being inflicted on the people of Greece by the euro project, and I have moved along to allow other people to come in and make a point. I have to leave after this stage.

I am very grateful to my noble friend for what she said. It is important always to remember, before every piece of legislation that comes before this House, that the need for one local government officer at a relatively low grade across the 32 boroughs of London alone costs £1 million. That is besides the rest of the country and is a minimum sum, so noble Lords will understand why I am concerned that no regulatory demand should place pressure on local authorities to employ even more.

I am very grateful for the undertaking that we can have discussions on this and I am very grateful for the spirit in which my noble friend responded to the amendment. I beg leave to withdraw the amendment.

Amendment 35 withdrawn.

Amendments 36 to 38A not moved.

Clause 3 agreed.

Amendment 39

Moved by ***Baroness Pinnock***

39: After Clause 3, insert the following new Clause—

"Impact of childcare entitlement on low income working parents

(1) Within 24 months of the commencement of section 1 of this Act, the Secretary of State must publish a report on the benefits of free childcare provided under section 1 for low income working parents.

(2) A report under subsection (1) must include an assessment of—

(a) the monetary value of the free childcare entitlement to low income working parents;

(b) the educational value of the free childcare entitlement for children of low income working parents;

(c) the number of low income working parents taking up provision of the free childcare entitlement.

(3) An assessment under subsection (2)(a) must include an assessment of the extent to which any monetary benefit to low income working parents from the free childcare entitlement is offset by any changes to—

(a) working tax credits;

(b) child tax credits;

(c) universal credit;

(d) child benefit,

that have occurred since the coming into force of this Act.

(4) An assessment under subsection (2)(c) must include an assessment of the impact on the number of working parents of any changes to working tax credits that have occurred since the coming into force of this Act.

(5) For the purpose of this section "free childcare entitlement" means any childcare provided free of charge under the duty set out in section 1 of this Act."

Baroness Pinnock: My Lords, Amendment 39 is in my name and that of my noble friend Lord German and the noble Baroness, Lady Jones of Whitchurch. The amendment is an extension of our discussion on Amendment 34 on the links between this Bill and child poverty. As we know, the Government have a way of encouraging people out of poverty by encouraging them into work, and to make work pay. One of the ways of making work pay is by providing additional free childcare. Those who have relatives with young families will know the huge cost of paying for childcare in order to go out to work. We know that some working parents currently pass over most of their income to childcare costs, so this Bill is to be greatly welcomed.

However, I would like to explore through this amendment the link between the Bill and the incomes that families will have, and the changes to those incomes that we know are on the cards later this week in an announcement from the Chancellor of the Exchequer. The Government have claimed, no doubt accurately, that the provisions in the Bill will see an additional benefit to families of around £2,500 a year. That would be a huge and significant saving to parents. However, the simple fact is that for those on low incomes and who most need the benefits of free childcare, all that good work could be wiped out by government cuts to tax credits of various kinds and perhaps to housing benefit.

I know that the Minister will be unable to tell us exactly what cuts to tax credits we are set to see in the Budget this week. Indeed, the Government have been singularly unwilling to spell out where their £12 billion of welfare savings will come from, but I think all sides of the House can agree that these cuts are likely to come at the expense of lower-income working families. The Prime Minister has already trailed that we will see cuts in tax credits, with some people suggesting that there might be up to £5 billion of projected savings. If that is the case, it would result in families with two children losing up to £1,700 a year, seriously diminishing the very welcome impact of the free additional childcare.

Despite what the Prime Minister suggested about companies paying more to workers to offset the impact of any cuts to tax credits, without real action on the minimum and living wage that is frankly rather more hope than expectation. We cannot assume that employers will be either able or willing to pick up the slack by paying a living wage to make up for the loss, for instance, of working tax credits. The decision about tax credits will make a huge difference to people, whether in employment or not. Cuts will mean that it is no longer financially possible for someone with high childcare costs to go out to work. That means that they will lose not only their tax credits but potentially the entitlement of free childcare, a double whammy that will do what none of us wants and punish the children of those families.

However, as much of this detail is still to be discussed and we may not know the Government's intentions until Wednesday, we propose in this amendment to have a review two years hence of the financial impact on lower-income working families of the combination of the free childcare offer and any reductions in working tax credits, child tax credits and housing benefit. I made the case earlier today about the important link between this Bill, child poverty and the impact on low-income families. If the Government want to be progressive—I am sure they do—they will see that link and try to make work pay by ensuring that childcare is of benefit to low-income families. Ultimately, that is the purpose of this amendment: to consider the link between the two. I beg to move.

The Earl of Listowel: My Lords, the noble Baroness referred to the national living wage. I believe that two former advisers to the Prime Minister recently endorsed a move towards the living wage. Clearly, this Bill would be that much more effective and there would be much more incentive for people to take what is offered in it if we moved to a national living wage. What current position do the Government take towards the gradual introduction of a national living wage?

Lord Nash: In Amendment 39, the noble Baroness, Lady Pinnock, seeks assurance that the Government will monitor and report on the impact of the entitlement. She spoke with passion about the importance of supporting low-income working families with the cost of childcare, which is the subject of today's debate, and I will confine my remarks to the subject of today's discussion. I agree that it is extremely important and must be kept in mind at all stages of policy development in the early years.

The Government have ably and amply demonstrated their commitment to supporting low-income working families with the cost of childcare and to improving the educational outcomes of all children, particularly those from disadvantaged backgrounds. As my noble friend and I have set out in this debate and in previous discussions, the Government have committed to increasing childcare support within universal credit by around £350 million to provide 85% of childcare costs from 2016 where the lone parent or both parents in a couple are in work. The Government have introduced an entitlement to free early education for the most disadvantaged two year-olds, while the early years pupil premium will provide more support to improve outcomes for disadvantaged three and four year-olds.

The Government have demonstrated their commitment to understanding the impact of the provision of free childcare through previous projects such as the Effective Pre-School, Primary and Secondary Education project and the new longitudinal study of early education and development, as my noble friend and I mentioned previously. The Government also collect a range of data on the take-up of the existing entitlements, including the number of children taking up a place. The most

[Lord Nash]
recent data were published on 25 June. They reflect the position in January of this year and are extremely encouraging. As detail of the new entitlement is developed further, we will consider what further data should be collected to enable effective monitoring of the new entitlement.

The Government recognise the benefits and importance of evaluating the impact of significant policies such as this but do not believe that it is necessary or appropriate to legislate for the production of a report or to define the timeline and content of such a report. I therefore urge the noble Baroness, Lady Pinnock, to withdraw her amendment.

Baroness Pinnock: Given that detailed answer, I beg leave to withdraw the amendment.

Amendment 39 withdrawn.

Clause 4 agreed.

Clause 5: Commencement

Amendments 40 to 42 not moved.

Clause 5 agreed.

Clause 6 agreed.

House resumed.

Bill reported with amendments.

Greece
Statement

4.43 pm

Lord O'Neill of Gatley (Con): My Lords, with the leave of the House, I will now repeat a Statement made in another place by my right honourable friend the Chancellor of the Exchequer. The Statement is as follows:

"Mr Speaker, I last updated the House on the situation in Greece a week ago. Since then, the Greek Government have failed to make the IMF payments that were due. And the Greek people have expressed a decisive view in yesterday's referendum, and rejected the creditors' terms.

Greece is a proud nation and a very long-standing ally of the UK and we respect the decision of its people. But there is considerable uncertainty about what happens next. We need to be realistic—the prospects of a happy resolution of this crisis are sadly diminishing.

Over the last 24 hours the Prime Minister and I have spoken to some of our counterparts, and I have spoken to the head of the IMF and, just a few minutes ago, the chair of the eurogroup. We are urging all sides to have a final go at trying to reach an agreement that defuses the crisis. The next steps are the ECB discussion taking place right now, tonight's Franco-German summit, and tomorrow's gathering of eurozone leaders. If there is no signal from these meetings that Greece and the eurozone are ready to get around the table again, we can expect the financial situation in Greece to deteriorate rapidly. For now, the British Government's position remains the same. We will do whatever is necessary to protect the UK's economic security at this time.

This morning, the Prime Minister chaired a meeting, attended by the Governor of the Bank of England, myself and others to review our response to the ongoing crisis. So far, the financial market reaction has been relatively contained. Private sector exposures are far less than three years ago, and the eurozone authorities have said that they stand ready to do whatever is necessary to ensure the financial stability of the euro area. But the risks are growing, so it is right that we remain vigilant and monitor the situation carefully. I am in close contact with the governor.

We are also acting to protect British residents and holidaymakers in Greece. Last week I told the House that the Department for Work and Pensions and public service pension administrators had started contacting Greek residents that draw a British state or public sector pension from a Greek bank account. I can now confirm that the DWP has spoken to 2,000 people, advising them on how to switch payments to non-Greek bank accounts if they wish, and the DWP has enabled people in Greece who receive a UK state pension to set up a UK bank account if they do not already have one. International payments into Greece are still exempt from the restrictions that the Greek authorities have placed on the banking system, so I can confirm today that UK Government payments, including state pension and public service pension payments, will continue to be made in the usual way.

We are doing more to keep holidaymakers and residents informed about the developing situation. We are in regular contact with the travel industry to understand the impact on British nationals, and we have increased the number of Foreign Office staff in our embassy in Athens, to be prepared for whatever happens. On the islands of Crete, Corfu, Rhodes and Zakynthos, where many British tourists are, and where we already have a vice-consular presence, we have deployed more consular staff to support the teams there. But it is unrealistic to think that we can provide a consular presence on all the Greek islands, and that is why we urge everyone travelling to Greece to look at the travel advice before they go.

It is clear British holidaymakers should take sufficient euros in cash to cover the duration of their stay, emergencies, unforeseen circumstances and any unexpected delays. Travellers should be careful and take sensible precautions against theft. As the economic crisis in Greece persists, there are greater risks of shortages. In recent days, the media have reported a shortage of medical supplies in Greece. Therefore, I want to reiterate the Foreign Office's advice that UK travellers take sufficient supplies, including prescription medicines, for the duration of their trip. Going forward, we will continue to ensure that travel advice is regularly updated with the latest information and Her Majesty's ambassador in Athens will provide regular updates there on the UK response in Greece.

Finally, we have put in place measures to support British businesses. HMRC's "Time to Pay" scheme is now open to help businesses that are experiencing cash-flow problems as a result of the banking controls in Greece. The Department for Business, Innovation and Skills has published detailed guidance to help business, which can be found on the Government's

website. Businesses experiencing problems with their Greek contracts can call the Business Support Helpline, which will direct them to commercial lawyers with experience in the Greek market, or they can contact their Member of Parliament, and we will provide direct advice.

The Trade Minister met major UK companies and business groups last week to discuss the situation, and he will have further meetings this week. This is a critical moment in the economic crisis in Greece; no one should be under any illusions. The situation risks going from bad to worse. Britain will be affected the longer the Greek crisis lasts, and the worse it gets. There is no easy way out. But even at the 11th hour, we urge the eurozone leaders and Greece to find a sustainable solution. Meanwhile, here in Britain, we must redouble our efforts to put our house in order, and in the Budget in two days' time, I will set out exactly how we will do that".

My Lords, that concludes the Statement.

4.50 pm

Lord Davies of Oldham (Lab): My Lords, I thank the Minister for repeating the Statement made by the Chancellor of the Exchequer in the other place.

Yesterday's referendum in Greece presents the European Union with the most fundamental test that it has faced for a generation. The Greek people have given their backing to their Government, but clearly this does not overrule the position of other elected eurozone Governments who are now faced with a tremendous problem. It is imperative that the Greek Government and their creditors sit down and plan a pragmatic way forward, and avoid creating any chaos by impulsive or precipitate steps.

What are the Chancellor and the Prime Minister doing to press both sides to find a new timetable? Greece's position in the euro and the EU affects us all. Will the Prime Minister and the Chancellor actively engage with both sides of this impasse and do what they can to help reach a necessary agreement? Does the Minister agree that there is more scope for proactive diplomacy here? What conversations has the Chancellor had with the Greek and other eurozone Ministers since last week's Statement? It is crucial that the Chancellor plays a full part. What is he saying to the International Monetary Fund, on which we have direct influence, about emerging options for restructuring Greek debt? Last week the IMF signalled that alternative analysis was needed. Can the Minister clarify what course the British Government are advising the IMF now to take?

I turn to some of the immediate issues for the UK and for British citizens. What can be done to help British firms selling goods or services into Greece, which may be awaiting payment because of the suspension of Greek banks that is due to continue? What changes are being made to the advice and assistance given at this time by UK Trade & Investment? Businesses will expect the department to keep them apprised of developments. Can the Minister provide reassurance that the Government are working closely with tour operators and airlines so that travel arrangements are not adversely affected by disruptions to the currency in Greece? Can he assure us that the embassy in Athens and our consular network stand ready to help with the volume of inquiries from British citizens that are now likely? It is not possible to overestimate the pressures that may exist.

Can the Minister reassure the House that Britain's financial system is properly insulated from risks emanating from a possible Greek exit from the euro? Last night the President of the European Parliament called on EU member states to prepare in the coming weeks for a possible humanitarian intervention, given that children, the sick and the vulnerable in Greece may feel the strain of any volatility in the basic operations of a normal economy. It is clear that in some parts of Greece the issue of essential medicines is becoming an acute problem. How are the British Government responding to this?

Finally, does the Minister agree that both sides of this stand-off still have much work to do? Eurozone countries need to do their best to offer to Greece the opportunity of a return to negotiations. The Greek Government need to face up to their responsibilities for stronger governance and economic reform. These are serious times for Greece, Europe and the United Kingdom. The UK needs to do all that it can to prevent disorder occurring, but to be fully prepared in case disruption does come to pass.

Baroness Ludford (LD): My Lords, I, too, thank the Minister for repeating the Chancellor's Statement. I find the Statement curiously semi-detached, and I would have hoped—to repeat a word which the noble Lord, Lord Davies, used—for something a little more proactive. The Statement says that we will do whatever is necessary to protect the UK's economic security, but then it just talks about remaining vigilant and monitoring the situation. Can the Minister be rather more precise about what action is being taken to protect the UK's economic security? Is the UK as protected as it can be from whatever might happen after tomorrow, whether that is a Grexit or other financial difficulties? Is it the Government's view that a Grexit has been priced into the markets? What can we expect in that respect?

What about British people who have money in Greek banks? If I recollect correctly, it was said last week that four of the banks are represented in this country, three of which have branches and one of which has a subsidiary. If there is a haircut of deposits, which there has been speculation about, what will happen to British deposit holders? Over the weekend it was remarked that the Government intend to reduce the cap on deposit guarantees from £85,000 to £75,000 because of the drop in the value of the euro. That seems rather bad timing in view of the potential difficulty with bank deposits.

What will be the advice to British tourists if it is clear after tomorrow that Grexit will happen? We all hope that there is not social upheaval, but we have to anticipate that the difficulties in getting cash, medicines and so on will only get worse. What is the Government's contingency plan? I find what is mentioned in the Statement a little abstract. I do not see clear plans for those who, for instance, might need pharmaceutical supplies during their visit. Will the Government advise people with medical needs not to go to Greece? I would

[Baroness Ludford]
regret that, but is it possible that it will happen? Can the Minister be more specific about what the Government plan to protect our economy and our citizens?

Lord O'Neill of Gatley: My Lords, the noble Lord, Lord Davies, and the noble Baroness, Lady Ludford, asked many questions, so I shall try to be as brief as possible.

A number of these matters were touched on in my right honourable friend the Chancellor of the Exchequer's Statement, but, to repeat, the Prime Minister and the Chancellor have had discussions with a number of key participants in trying to bring this crisis to an end, including—for the Chancellor—the head of the IMF, today, and a number of members of the eurozone finance group. I believe that we are as up to date as possible in the thinking of all the key participants ahead of the key meetings tonight and tomorrow.

With respect to businesses and tour operators, I shall expand on what I said. BIS has published detailed guidance to help business as a result of events in Greece. It is available on the Government's websites along with a business support telephone number. As I also said, the Trade Minister has met a number of UK companies and business groups to discuss the situation and they seem pretty calm. He plans to meet with them again this week. The same goes with respect to our contacts with a number of important tour operators.

It is indeed the case that the four largest Greek banks have branches in the UK. However, their balance sheets are pretty small by the standards of these things, with deposits totalling less than £225 million. Eurobank is now a branch of the Luxembourg subsidiary and so the Luxembourg subsidiary deposit guarantee scheme will provide protection to eligible deposits there. The others are covered by the Greek deposit scheme. There is one Greek bank with a subsidiary in the UK, Alpha Bank, and this is a separate, stand-alone entity from its parent bank. It is small with assets slightly over £0.5 billion at the end of 2014 and, as a UK subsidiary, it is regulated by the PRA and its deposits are covered by the Financial Services Compensation Scheme.

There were further questions about the schemes in place for the deposit guarantee. The amount of €100,000 was agreed back in 2010 in euro terms. It is being reduced in sterling terms at the end of this year merely because of the resulting appreciation of the pound against the euro.

5.01 pm

Lord Lawson of Blaby (Con): My Lords, we are fortunate in this House in having a Treasury Minister of exceptional financial expertise and understanding. He will be well aware that Greece should never have entered the eurozone in the first place. He will also be well aware that there is no solution to the Greek problem without a substantial write-off of Greek debt—what the noble Lord, Lord Davies, referred to somewhat euphemistically as a "restructuring". Is the Minister not also aware that there will be no solution to the Greek crisis without Greece leaving the eurozone altogether? That is necessary for Greece and for the eurozone. It is important that this exit should be conducted in as orderly a way as possible.

Lord O'Neill of Gatley: My Lords, I thought the days where I was speculating about which members were suited and which ones were not to participation in the euro had long since gone. In that regard I can only say that I do not believe it is particularly useful for anybody for me to offer my own judgment on such matters at this time, particularly ahead of some very important discussions this evening and tomorrow.

Lord Elystan-Morgan (CB): My Lords, can the Minister tell the House as a matter of basic law whether the treaties that brought about the formation of the eurozone and the regulation thereafter contain any provision at all with regard to a member state unilaterally leaving the eurozone of its own accord or the states, other than an errant state, in some way bringing about the departure of such a state from the eurozone? Am I right in thinking that the treaties altogether are as silent as the grave with regard to the departure of any state from the eurozone?

Lord O'Neill of Gatley: My Lords, as far as I understand the considerable things written on this topic, it is somewhat unclear. It will be a very interesting test case in the event of such an outcome from these important discussions in the next couple of days, and I can imagine a number of legal types will have some fun pursuing these discussions in the event of such an outcome.

Lord Davies of Stamford (Lab): My Lords, I do not think I can readily recall another instance in history in which a Government have succeeded in such a short time in running their economy into the ground, going in six months from an economy which was expanding again and with falling unemployment, to the brink of catastrophe, where Greece stands at present. The Greek Government have now been supported in their policies by the Greek electorate in yesterday's referendum, apparently on the basis that the more self-destructive their behaviour, the more likely they are to get a large amount of money out of the rest of the world—either out of the rest of the eurozone, or out of the rest of the European Union or the IMF, both of which we are of course members. Does the noble Lord agree that it would be extremely regrettable if such a precedent were created? It would be a major moral hazard if one could get away with such blackmailing policies, and it is very important that this country in particular, as a member of the IMF and the European Union, has nothing to do with any such proposal.

Lord O'Neill of Gatley: My Lords, I am afraid that I will answer in a similar spirit to my answer to my noble friend Lord Lawson's question a couple of minutes ago. I have spent many years talking about these kind of things, but we are at such a delicate stage of discussions following the outcome of the weekend's referendum, which, I think I am right in saying, was considerably larger than was anticipated by virtually anybody. Now, through this evening and tomorrow, very delicate discussions will take place, and it would not be advantageous for anybody if I offered my opinion on anything that the noble Lord asked about such important, critical details.

Lord Higgins (Con): My Lords, I understand the point made by my noble friend, but none the less, it is very important that the Chancellor's expertise and our own in this matter should be fed in, at any rate behind the scenes, perhaps to try to pour oil on troubled waters, which up to now has been very difficult. I previously expressed in your Lordships' House a view similar to that of my noble friend Lord Lawson. The economic reality which Greece is facing is that it is locked into an uncompetitive exchange rate, and it is not going to become competitive. No amount of bailing out or assistance otherwise will prevent that happening. If it is patched up now, we will be back in the same situation in a comparatively short time.

None the less, I urge my noble friend to make two points in these discussions, if need be behind the scenes. First, it is very important to make clear to Greece, and for our European partners to do so, that leaving the eurozone does not mean that it has to leave the European Union, the political implications of which would be very serious indeed. Secondly, if we get to a situation where Greece leaves the eurozone, it will be tremendously difficult to sustain the new exchange rate, and it would be advisable for the financial assistance that would otherwise be given in the form of bailout to be given to sustain Greece so that after leaving the eurozone it did not end up in a constant cycle of inflation and devaluation. Such a situation would have to be stabilised, and we should do all we can to ensure that it would be. Will my noble friend seek to ensure that that would happen?

Lord O'Neill of Gatley: My Lords, my noble friend raises some very interesting ideas and suggestions, and in the course of our ongoing discussions with our friends in all parts of the eurozone, which I am sure will continue through the rest of today and tomorrow, we will pass those ideas on. I thank him.

Baroness Falkner of Margravine (LD): My Lords, the noble Lord, Lord O'Neill, is wise to resist the encouragement of the noble Lord, Lord Lawson, to comment on his own views about the current situation in Greece, particularly given the role that Goldman Sachs played in Greece's original submission to join the eurozone. However, I will ask a concrete question which is covered in the Minister's brief. He said that his right honourable friend the Chancellor of the Exchequer has had conversations with the head of the IMF. Given our exposure to Greece, given the IMF's exposure to Greece—something in the region of £23 billion—and given that the IMF believes that the debt sustainability needed by Greece is roughly £50 billion, would the United Kingdom Government be prepared to expose themselves further, were the IMF to go ahead and offer Greece emergency lending at this point?

Lord O'Neill of Gatley: My Lords, Greece has already missed a payment to the IMF, as everybody knows, and has fallen into arrears with the fund, which is not technically a default. The IMF has said that its shareholders will not suffer losses, saying:

"Notwithstanding the overdue obligations, member countries' claims on the IMF are fully secure and the IMF will continue to meet its obligations to members and lenders".

Greece has, of course, an existing IMF programme and it is important that future support for Greece helps it to meet the conditions necessary to continue with that programme, including the agreements of conditionality, sufficient financing assurances and the clearance of any arrears.

Lord Campbell-Savours (Lab): My Lords, we cannot do very much because we are not in the euro but there is some way in which we can help. There is a crisis in hospitals in Greece. Equipment is breaking and there is a lack of medicines and equipment for treating ill people. Can we do anything to help on a humanitarian basis?

Lord O'Neill of Gatley: My Lords, let me reassure Members of this House that—as I said in my prepared comments and in repeating my right honourable friend the Chancellor's Statement—we will do whatever is possible to make sure that any tourists or businesses going to Greece get the right guidance and advice. As to the issues on the ground for the Greek people, raised in the noble Lord's question, we will be looking for further updated guidance over coming days, pending how the discussions go tonight and tomorrow on the financial and economic relationship between Greece and the rest of the eurozone. But, of course, we would all like to think that we will try whatever is within our means to help the Greek people in potentially challenging circumstances if they were to deteriorate further.

Lord Howell of Guildford (Con): My Lords, one idea that has been widely referred to but was not mentioned in the discussions in the other place this afternoon is that Greece could temporarily leave the eurozone and return if and when matters settle down later. I do not expect my noble friend to give an opinion on that now, but will he see that that point is looked at in the considerations in the coming days? Can he give us any guidance—possibly he cannot—on the treaty-changing implications of that or any other proposal connected with this growing crisis?

Lord O'Neill of Gatley: My Lords, while that may not have been discussed in the other House, it has, as I am sure my noble friend Lord Howell is aware, been suggested by some other members of the eurozone. It is certainly something that we are aware of having been raised and it will be mentioned again in discussions; that is for sure. I reiterate, however, that it is not appropriate for me or my right honourable friend the Chancellor to talk about such matters ahead of the delicate discussions that will take place tonight and tomorrow.

Lord West of Spithead (Lab): My Lords, will the Minister confirm that contingency work has been done on the implications of what is happening in Greece for the eastern Mediterranean flank of NATO? Is he aware of any moves by the Russians to deal with Greece by giving assistance similar to that offered to Cyprus to get access to bases there? Lastly, are we thinking of any way to help the Greeks with the tens of thousands—in fact, more than 100,000—refugees who have poured into Greece as a result of the war in Syria et cetera?

Lord O'Neill of Gatley: My Lords, while I am sure an offer of Russian help could appear, it is within the aspirations of both Greece and its European colleagues and friends to solve the outstanding challenges between them, whatever is offered from Russia.

With respect to the further questions of the noble Lord, Lord West, we should be careful about what specifics we suggest we may offer until we see further evidence of what may emerge from the discussions tonight and tomorrow. As the Chancellor has said, we should be prepared for the worst but should actively seek to be in a position to help the Greek people and, of course, to protect our own economic interests.

Lord Lamont of Lerwick (Con): My Lords, while it is true that the Syriza Government have made some bad policy decisions and have at times been very provocative, is it not also true that on one fundamental point they are right—in 2010 there should have been a much more extensive write-off of the Greek debt? If we are to have a sustainable situation in Greece, it requires, as the IMF has now said, a substantial further write-off of debt because the debt is not sustainable. This continuing extending and pretending is only shoring up more trouble in the long run.

Lord O'Neill of Gatley: My Lords, as my noble friend says, these opinions have been offered by many people, including in the past week or so, according to media reports, the IMF. It is not of great help in resolving issues today to reflect on what might or might not have happened in 2010. However, in the discussions that take place this evening and tomorrow, all sorts of options and ideas will be pursued to, I hope successfully, bring these growing economic risks and challenges under better control.

Lord Birt (CB): The Minister has rightly emphasised that we are at an extremely delicate stage. At such delicate times, is it not also important to be really clear about the principles involved? The Greek Government have willingly, knowingly borrowed money on a massive scale from a number of institutions, including within the EU, over a very long period. Will the Minister agree that—if only pour encourager les autres—the worst of all options would be to accept that a sovereign Government should not repay their debt?

Lord O'Neill of Gatley: My Lords, my reaction, possibly based on my past experience, is as with a number of other questions that have been put to me. Ahead of such important discussions, I do not think it is particularly useful for me as the Minister, or for anybody in similar areas of government, to speculate idly about what is right or wrong. A lot of information is available about events that have led up to this crisis. It is the responsibility of the Greek authorities, having taken their stance to the Greek people over the weekend, together with eurozone Finance Ministers and their leaders, to try to bring this crisis to a better resolution in the next couple of days.

The Lord Bishop of Chester: My Lords, I was struck in the Statement by the sentence:

"Greece is a proud nation and a very long-standing ally of the United Kingdom".

The danger in all of this is that, because we are not in the eurozone, we slightly sit on the fence, hedge our bets or stand on the sidelines. That can leave a certain vacuum. I have been very upset by the rhetoric between Germany and Greece in recent weeks—on both sides. The two nations are a little like chalk and cheese in so many ways. Politically, I wonder whether there is not a role, precisely because we are not in the eurozone politically, that we are not taking. What high-level contacts have there been between the Greek Government and the UK Government on these political issues?

Lord O'Neill of Gatley: My Lords, the right reverend Prelate asks, again, a slightly delicate question. I mentioned in my formal comments that the Prime Minister and the Chancellor in particular had a number of discussions with key participants from the eurozone and the head of the IMF earlier today and this afternoon. I suspect that there will be further discussions during this evening and tomorrow. We are obviously aware of our position as an EU member relative to those inside the eurogroup, and we will offer in private the views that we think may be of some use in helping them come to the right resolution.

Lord Richard (Lab): I also have a slightly delicate question. The Minister referred a number of times to the delicate negotiations and discussions that are going to take place today and tomorrow. Can he perhaps lift the curtain just a little about what input Her Majesty's Government hope to have in those discussions? Have we been asked for any advice specifically? Are we giving advice? I am not asking what the advice is; only that our presence should be established. Is that the position?

A noble Lord: Are we observers?

Lord Richard: My noble friend asks whether we are just going to be observers or will be participants in one form or another.

Lord O'Neill of Gatley: My Lords, it is important to remain focused. In terms of our own policies, we must focus on what we can do about the future of our own economy and, in the context of this crisis, make sure that we are protected from any potential further contagion in the best way that we can. As I also said, in private, we will offer discussion and ideas as and when we are asked. But the key for us is to make sure that we have the right control over the levers that we can control ourselves and that are relevant to the performance of the UK economy.

Concessionary Television Licences

Statement

5.22 pm

The Earl of Courtown (Con): My right honourable friend the Chancellor of the Exchequer will be making his Budget Statement on Wednesday, but in the light of the news reports on Sunday, I want to take this opportunity to confirm details of the agreement that we have reached with the BBC.

The Government have reached agreement with the BBC that it will take on the cost of providing free television licences. This will be phased in from 2018-19, with the BBC taking on the full costs from 2020-21. Having inherited a challenging fiscal position, the Government are pleased that the BBC has agreed to play its part in contributing to reductions in spending like much of the rest of the public sector, while at the same time further reducing its overall reliance on taxpayers.

As part of these new arrangements, the Government will ensure that the BBC can adapt to a changing media landscape. The Government will bring forward legislation in the next year to modernise the licence fee to cover public service broadcast catch-up television. In addition, the Government will reduce the broadband ring-fence to £80 million in 2017-18, £20 million in 2018-19, £10 million in 2019-20 and zero in 2020-21.

The Government will consider carefully the case for decriminalisation in the light of the Perry report and the need for the BBC to be funded appropriately. No decision will be taken in advance of charter renewal. The Government anticipate that the licence fee will rise in line with the CPI over the next charter review period, subject to the conclusions of the charter review in relation to the purposes and scope of the BBC and its demonstrating that it is undertaking efficiency savings at least equivalent to those in other parts of the public sector.

The commitment made in the Conservative manifesto that all households with an over-75 year-old will be eligible for a free TV licence will be honoured throughout this Parliament. As requested by the BBC, it will take responsibility for this policy from then on. Charter review will include an opportunity to consider wider issues relating to the purposes and scope of the BBC, and we look forward to using that to engage on the full range of issues with the public, industry and this House. I will make an announcement about the process for the review in due course.

5.25 pm

Lord Stevenson of Balmacara (Lab): My Lords, five years ago a private deal was done over the funding of the BBC. The licence fee was frozen. The BBC took over funding of the World Service, BBC Monitoring and S4C, and picked up other costs. Together that amounted to a 16% cut in the budget. Here we are again: another back-room deal pre-empting the open consultative process that we have been promised on the BBC charter. However, what is different this time is that the Government are blatantly requiring the BBC to take on responsibility for a matter of social policy that is nothing to do with its main charter responsibilities. Surely if the Government want to maintain free TV for over-75s, as they said in their manifesto, they should fund it. Are we to believe that the Budget later this week will ask the bus companies to assume responsibilities for free bus passes for pensioners? If not, are we not entitled to see this agreement for what it is—a politically inspired attack on the BBC, ahead of and ring-fenced from the charter review process?

Where is the BBC expected to find this money—from the World Service or from S4C, or by cutting channels or reducing programme quality? The Chancellor in his interview mentioned the BBC website. If the Government have views about the social policies the BBC should be pursuing, perhaps they also have views about content. Can the Minister tell us what is now expected of the BBC, since the relationship no longer seems to be at arm's length? Finally, when this matter was raised in 2010, the then trust threatened to resign if the Government went ahead with their proposal. This time, we are told that the BBC Trust has agreed with the proposal. Does that not raise questions about the trust itself and its capacity to safeguard the vital charter responsibilities of the BBC now and in the future?

The Earl of Courtown: My Lords, the noble Lord made a number of points but he specifically asked about the input on charter renewal discussions. There are 18 months until the current charter expires, and the Government are committed to a thorough and open process where all aspects of the BBC will be up for discussion. That debate with the public and with the BBC will continue as planned, and an announcement on how charter review will be run will be made in due course. The noble Lord mentioned Channel 4. There are no current plans to privatise Channel 4. He mentioned S4C. The Government are committed to the provision of minority language broadcasting. This settlement for the BBC will mean it has to make some choices about how the licence fee funds are spent.

Lord Fowler (Con): My Lords, this is a surprising Statement. Does it mean that the continuance of the BBC licence fee has now been confirmed, that this is off the table and that there is no question of it being reopened in the charter discussions? Otherwise, it would seem that much of what the Minister said does not have a vast amount of meaning. He says no decision will be taken prior to the charter review. Surely a massive decision has been taken prior to the charter review, in that an indiscriminate cut of £0.5 billion is being made in the BBC budget without any thought being given to the effect upon programming and news coverage. Surely, as the noble Lord opposite said, if free television licences for all those over 75 is government policy, it should be funded by the Government and not just passed on to the BBC.

The Earl of Courtown: My Lords, my noble friend is well known for his interest in these matters. As I said before, providing a free licence to people over 75 was a manifesto commitment. The noble Lord made a number of other points and I am afraid I will have to write to him on those.

Lord Low of Dalston (CB): My Lords, will there be a compensatory adjustment to the BBC's licence fee income as part of the charter renewal discussions to take account of this decision to switch the cost of funding free licences for the over-75s from the Government's account to the BBC's?

The Earl of Courtown: My Lords, the point the noble Lord makes will be under discussion over the 18 months of the charter renewal. The Government have said that they are committed to a thorough and open process where all aspects of the BBC will be up for discussion. As I said before, the debate with the

[The Earl of Courtown]
public and the BBC will continue as planned and an announcement on how the charter review will be run will be made in due course.

Lord Birt (CB): My Lords, this is a truly shocking announcement. The BBC has been in existence for nearly a century. It is unique in the world for a number of reasons, one of which is that, very early on in its history, Winston Churchill tried to take it over at the time of the General Strike but the then director-general, John Reith, resisted that and essentially established its independence in a way that no other public service broadcaster around the world has managed. That independence was breached in the previous Parliament by the deal that has already been mentioned today, when, overnight, with no debate of any kind, 16% was taken outside the BBC's budget and the Government—not the BBC—decided to use the licence fee to fund the World Service, S4C and, amazingly, BBC Monitoring, which is a very specialist service not much to do with broadcasting. This has happened again. This is taking a huge slice out of the BBC's budget. Again, it has happened with no public discussion of any kind. This Government and the previous Government have set a very dangerous precedent.

The Earl of Courtown: I am afraid I cannot say a great deal more than what I have already said on this matter, except that all these matters will be up for discussion in the charter renewal.

Lord Razzall (LD): My Lords, I entirely agree with the remarks of the noble Lord, Lord Stevenson, and my former noble friend, the noble Lord, Lord Fowler. I appreciate that the Minister is in a difficult position here in that he is speaking with his master's voice but does he really think it is fair that a policy to give free television licences to people aged 75 and over, which is in the Tory party manifesto and has absolutely nothing to do with the BBC, simply imposes the cost on the BBC? I ask him to say what he thinks rather than what his master tells him to say.

The Earl of Courtown: My Lords, all noble Lords will know that I speak for the whole Government from this Dispatch Box. I repeat what I said earlier: the manifesto commitment will be retained for the whole of this Parliament.

Lord West of Spithead (Lab): My Lords, the BBC is a great British institution. What has been decided is quite extraordinary. BBC Monitoring has been amazingly useful over decades for foreign policy and defence—I have seen it doing that. How on earth will BBC Monitoring be properly paid for within this new construct, bearing in mind that it is not a core thing for the BBC in terms of entertainment?

The Earl of Courtown: My Lords, the noble Lord mentions BBC Monitoring. I repeat once again: all these things will be up for discussion in the charter renewal.

Baroness Bakewell (Lab): This has nothing to do with the BBC. This is an attack on people who are old and who are living lonely, isolated and unhappy lives. They depend on broadcasting more than any other segment of the community. That has been provided by the BBC for decades to the satisfaction of the older part of the population, which we know is increasing. This is a government benefit being cut and dumped on the BBC because the BBC is being targeted for political reasons by the Government.

The Earl of Courtown: My Lords, the noble Baroness has great knowledge of these matters. I am sure that what she says will be noted. The fact is, we have the charter renewal and all matters raised by noble Lords will be looked at.

Lord Berkeley of Knighton (CB): Is the Minister aware that very considerable cuts have already been made? He will know that recently it was discovered that the BBC is already going to lose a huge proportion of the licence fee. Do the Government feel happy about seeing the squandering of a national asset through 1,000 slashes? As I say, cuts have been made and I am prepared to reveal to the House as an example—and here I declare an interest—that I was asked to take one-third of the fee that I used to get for my programme on Radio 3. I did so happily in the interests of cutting costs.

The Earl of Courtown: My Lords, the noble Lord also has great experience in the BBC. I and my colleagues will no doubt listen very carefully to what he has to say.

Gaza

Question for Short Debate

5.36 pm

Asked by ***Baroness Tonge***

To ask Her Majesty's Government what assessment they have made of the political situation in the Gaza Strip.

Baroness Tonge (Ind LD): My Lords, this week marks the first anniversary of the Israeli attack on Gaza named, rather euphemistically, Operation Protective Edge. We are also remembering the attack on London's transport system on 7 July 10 years ago and, even more recently, the attack on British holidaymakers in Tunisia. These events are not unconnected. When by our actions over years and decades we teach people to hate us, we can expect only that they will, whether we are Jews or gentiles. Consequently, ISIL is now at the gate—I prefer to call them barbarians.

Gaza is a tiny strip of land of 139 square miles—the size of Boston in Lincolnshire. It has 1.8 million people. Hamas has ruled in Gaza since it fought and deleted Fatah there in 2007, following Hamas's victory in the European Union-monitored election for the Palestinian Authority in 2006, when it was not allowed to form a Government. Our Government backed the view that the wrong side had won. That is our version of democracy. Indeed, we took a similar view when we backed the coup that deposed President Morsi of Egypt. Israel has blockaded Gaza ever since then and launched three attacks on the hapless people there since 2008.

Operation Protective Edge was the most vicious attack so far on these people, who live in an open prison and have no means of escape. During the operation, 2,251 people were killed, 551 of them children. Thousands more have to live the rest of their lives with terrible injuries. Half a million were displaced from their homes and it is to be remembered that the Israelis claim to have warned people of the impending attacks on their homes with the so-called knock on the roof, but when there is no safe place to escape to because you live in such crowded conditions, some preferred to stay put. Such cynicism on behalf of the IDF.

Ambulances and their personnel were attacked and 77 health facilities were destroyed. Only a tiny proportion were found afterwards to have been storing weapons of some sort. MAP has just published its report on the heath facilities remaining in Gaza. Some 261 schools were destroyed and Gaza's universities were damaged severely. Small factories and other places of work were targeted—the list goes on and on. An average of 680 tank and artillery shells each day pummelled the densely populated areas in the course of the 50-day war, twice as many as during the previous attack. Water supplies, sewage disposal and electricity supplies have been disrupted and not restored. UN-Habitat estimates that 71,000 housing units are needed. Gaza has been reduced to rubble in many areas and the people survive as best they can.

Yes, Hamas was at fault too. The Minister is always telling me in her replies to my Written Questions that the rockets fired by Hamas are the main cause of the problem. I have to point out that on every occasion any Member of this House or the other place has met Khaled Mashal, the leader of Hamas, he has repeated his offer of a prolonged ceasefire together with recognition of the state of Israel within the 1967 boundaries. In the absence of any response from Israel or its allies, including our Government, the firing of rockets into Israel is what they have been forced to do as a form of self-defence from the prison that is Gaza. During Operation Protective Edge, those rockets from Gaza killed six civilians and 67 military personnel. It bears no comparison to the force and cruelty of the response by Israel, a cruelty now confirmed by testimonies of soldiers of Israel's own defence force in the Breaking the Silence movement. They are very brave men to speak out.

"Disproportionate" was a favourite word used by our politicians. With that word they appeared to condone what was going on last summer. The Prime Minister, in fact, made no comment at all.

There is so much to report that to save time I must refer noble Lords to the UNHCR report, which has just been published, which gives detail to what I have said. It has now been referred to the UN General Assembly, mandating UNHCR to monitor the implementation of its recommendations. I thank the Minister and our Government, because they, together with the European Union, have supported that motion, but the blockade continues and no reconstruction is visible to the people there. Rubble and filth remain.

Nearly 64% of the population of Gaza is under the age of 24. They are malnourished and have reduced access to education, on which Palestinians have always prided themselves. Industry in Gaza is practically non-existent, half the agricultural land is unusable, and now the tunnels have been closed by Egypt there is no commerce to speak of either. Excluding the little children who have their own terrible physical and psychological problems as a consequence of Israel's action and the fear of more to come, that is still a huge number of young people traumatised by years of conflict and depravation. They are undereducated, unemployed, unable to escape and filled with a burning hatred of Israel and her backers in the West.

There is a growing dissatisfaction with the Hamas Government within Gaza. Hamas in response is becoming stricter in enforcing Islamic code on all Gazans. If a recent report of the *Times of Israel* is correct, ISIL is putting pressure on Hamas to become more and more extreme. More and more young people in Gaza are giving their support to Islamic Jihad, which is responsible for most of the sporadic rocket fire from Gaza now. ISIL is there too. If young people from the United Kingdom are inspired to leave their homes to join ISIL, we must surely understand how the young people of Gaza may behave. Is this what western Governments want? Is this what Israel really wants? Israel is already active in the Sinai desert between Israel and Egypt, and has been for some years. If ISIL gains ground in Gaza, what will Israel do then? Are we going to see another attack on the imprisoned people of Gaza until they are reduced to pulp?

I have just been to the memorial service for the genocide at Srebrenica, and I wondered whether in a few years time we might have to attend a memorial service for what we have let happen to the people of Gaza. I hope not. It makes it imperative that our Government—who are responsible for this whole mess in the first place by betraying the Arab people, from the Sykes-Picot agreement and Balfour Declaration onwards, and by our subsequent blind support of the Israeli Government—insist on talks with Hamas by all parties. We must realise that they are now the moderates, even though there are signs that they are getting tougher on the people of Gaza as they themselves are challenged. Will our Government consider changing their policy towards Hamas as they did years ago with the IRA?

In conclusion, will the Government consider an arms embargo on Israel until a two-state solution is achieved? The Export Control Act 2002 is quite clear. I was on the Committee considering that Bill when I was in the other place. We should not sell arms to any country that would use them for internal repression or external aggression. Whichever way you look at Israel's behaviour towards the Palestinians, it fulfils one or both of those criteria, yet we continue to sell arms or armament parts—military equipment—to Israel.

Will we talk to the businessmen and academics of the Israel peace initiative to restart the talks on the two-state solution based on the Arab peace plan—an initiative that comes from the people of Israel themselves? Will they insist that Israel recognises the right of Palestine to exist, and support this at the United Nations?

I end as I started. The barbarians are at the gate. Our civilisation is in danger. This is one area where we could make a huge difference.

5.46 pm

Lord Anderson of Swansea (Lab): My Lords, I congratulate the noble Baroness. We may not always agree on the Middle East but I recognise and acknowledge her commitment. Perhaps it was just a little one-eyed to claim that the raining of Hamas rockets on Israel is a form of self-defence.

The humanitarian, economic and political problems of Gaza are interrelated. On the humanitarian side, the UNHRC report of 22 June refers to the war a year ago. In many ways the report was unsatisfactory, as the commission itself acknowledges, but it does make a case against the Israel Defense Forces which needs an answer. The commission recognised its limited resources, its short timeframe of less than seven months from inception, the fact that halfway through its chair had to be replaced on a question of impartiality, and its limited resources and restricted access. Israel refused to co-operate with the inquiry, as indeed it refused to allow me and the Middle East committee of the Council of Europe which I chair to visit Gaza. The commission inferred a criticism therefore of Israel without having the benefit of the Israeli case, which in any event was the fault of Israel. The commission mentions the attempts of Israel to limit civilian casualties and the warning of attack, albeit, I concede, in congested areas, but the numbers of casualties speak for themselves.

By contrast a report on the IDF in the Gaza war led by retired US General Michael Jones and Professor Corn, formerly principal US expert on the law of war, was assisted by Israel. Perhaps not surprisingly, it reaches very different conclusions on the use of civilians as human shields by Hamas and the positioning of weapons in heavily populated areas. It is a pity that the two reports were not collated in some way.

Clearly, children suffer most, as the Save the Children report amply illustrates. The World Bank report published on 27 May shows just how dire the economic plight of Gaza is, and it can be improved only by a political breakthrough. Whatever problems Israel now faces on the external front, within the turbulent Middle East it is strong. Surely it is best to make concessions from a position of strength. Alas, there is no evidence of any compromise from Prime Minister Netanyahu, who appears to wish only to manage the situation and has no long-term vision.

I have a couple of questions on politics for the Minister. On the Israeli-Hamas front, what can the Minister tell us about the reported talks brokered by Qatar trading a five-year ceasefire by Hamas for an end to the blockade? How strong are the pressures in the European Union for more direct talks with Hamas? There has been some recent evidence of a warming in relations between Hamas and Egypt, which are very important. For example, Hamas has been removed from the terrorist list in Egypt and the Rafah crossing was opened—alas, only to be closed again after the outrages by ISIL-affiliated people in Sinai. There are contrary signs, such as the murder by Hamas of Fatah activists during the troubles.

As a postscript, the facts are clear on the population of Gaza. In 1948, there were less than a quarter of a million people in Gaza; in 2015, there are more than 1.8 million. Fertility rates in Gaza are much higher than among Palestinians in the West Bank and, indeed, Palestinians in Israel. Do the Government and other aid donors take this problem seriously? Is family spacing part of the UK and EU aid policy? If not, there will clearly be little improvement in Gaza's situation, particularly in that of their children, as the per capita income will inevitably decline.

5.50 pm

Lord Wallace of Saltaire (LD): My Lords, we all understand how passionate everyone gets on the question of Israel-Palestine and what is happening in Gaza. We also recognise that on Gaza, as on the West Bank, there are two competing narratives, both of which have deep senses of grievance and historical wrongs which are incompatible. I think we also recognise from recent reports that there have been unacceptable activities on both sides, some of which count as atrocities and some of which might perhaps be classified as war crimes. As far as possible, I do not want to take one side or the other but I simply say that the current situation cannot last. It will not last and will eventually break down, and when it does it will be worse for Israel and the region. That is why we have to engage.

For Israel, the costs of a further attack on Gaza would be enormous, above all for Israel's already battered repetition in the democratic world. The costs in terms of Hamas's control of Gaza, as we have seen, are that it would begin to lose control to more radical groups. There are already reports of not only Islamic jihad but groups affiliated to ISIL infiltrating Gaza, so the prognosis is poor. That is why we cannot leave the situation as it is. The role of Egypt in the last few years has not been helpful. One recognises why the Egyptians also feel that this is not their concern but they clearly have to play a more constructive role.

The instability of the region is increasing. There is the extent to which Jordan, unavoidably a player in the whole Palestine issue, is being destabilised by the refugees coming across the border from Syria. There is also the extent to which the Syrian civil war, as it staggers into its fifth year, is already becoming a generator of violent Salafism across the Middle East and a driver of radical Islam—here, as there. We all have to recognise that the situation in Gaza, and in Palestine and the West Bank as a whole, is one of the recruiting sergeants for ISIL.

I am conscious that in Bradford we are affected by what happens in Gaza and the Middle East, and that more recently in Bradford we have had some disputes between Shia and Sunni. These things come home to us. It is not just a matter of what happens there, so again we have no choice but to engage. There are reports of the role of Qatar in providing funds for reconstruction. Indeed, there are some encouraging suggestions of attempts to get Israel and Hamas together to talk about a five-year truce. Everything that can be done by the United Kingdom Government to promote that, together with our European partners and others, seem immensely worth doing. If we are, as our Prime Minister has just said, in a generational conflict with ISIL, this is the theatre with which the British must engage. It is connected to and cannot be separated from the broader conflict. Her Majesty's Government must therefore be fully engaged in pushing all parties to the conflict together to try to avoid the situation getting worse.

5.54 pm

The Lord Bishop of Chester: My Lords, I have visited the Holy Land of Israel and Palestine five times since 2000 and I have commitments to lead study tours or pilgrimages next year and the year after. I have yet to go to Gaza but I hope to go to the border next January. What strikes the modern traveller most is the sheer contrast between Israel and the Palestinian areas. To pass from one to the other is like passing from a really up-to-date and modern first-world state to a third-world state, living cheek by jowl with it. In economic and other terms, modern Israel has of course been an extraordinary success in a brief period of just 65 years or so. Although recent economic growth in the West Bank areas has been encouraging in patches, in Gaza the World Bank estimates the per capita income to be 30% lower today than 20 years ago. The contrast just gets greater over time, which sets up a huge instability. I understand all the arguments for a two-state solution—I think I believe in that myself—but will two states so closely linked geographically and yet on such divergent paths easily exist side by side? I always return to that question when I have been to the area.

There is so much about modern Israel that I admire and respect. Given that it has had to fight for its life three times in its brief history, I can understand the toughness that is often manifested in the modern Israeli psyche. I so well remember sitting down with a senior member of the Government there, soon after the wall was built. He turned to me and said, "I don't like the wall but I have five daughters. At least they're not going to get blown up on the school bus". We have to respect aspects of that element in modern Israel.

I do not at all defend all the Israeli tactics in the recent conflict in Gaza—how could one?—but in a funny way I sort of understand them. I greatly regret what happened but what is one to do when thousands of rockets are fired at one's civilian population from an area controlled by political forces that are dedicated in some degree to the destruction of the country? So there is much that I can understand about modern Israeli attitudes, even if I do not always like or approve of them. What I cannot understand from the Israeli perspective is the settlement programme. It is acknowledged on practically all sides outside Israel that it is both illegal and ill judged. In a certain way it is a parallel to the political mistakes in South Africa, where the South Africans simply dug themselves in and could not see the misjudgment. It took a very long time for them to come to terms with it and, for all the differences between those situations, I often see a certain parallel.

How are we to go forward? We have to work with Hamas. I agree with the noble Baroness, Lady Tonge, that working with it must be the future, difficult though that may be. We also need to recognise the danger of the more militant strands of Islam. As soon as the Syrian conflict quietens down, as we all hope it will, the real danger is exporting it to the northern border with Lebanon or into Palestine. However, on the economic issues, unless something can be done to address the disparity between modern Israel and the Palestinian areas, one way or another history is destined, sadly, to repeat itself.

5.58 pm

Lord Gold (Con): My Lords, I start by looking at what has been happening on the West Bank. It is estimated that there has been real growth there of more than 5% in 2014, mainly driven by exports and private consumption fuelled by bank loans. By contrast—and not surprisingly, given the 2014 war—the position in Gaza is far worse. The Palestinian economy has fallen into recession for the first time since 2006. Unemployment has risen to 43%, with yearly average unemployment increasing by 11% this year and youth unemployment reaching a staggering 69% at the end of last year.

Clearly the 2014 war has had a major impact on the economy and life in Gaza. However, the main reason for the economic decline, which started in 2013, was the destruction of the majority of illegal tunnels connecting Gaza to Egypt, which were a key feeder to Gaza's construction sector. In addition to the war, economic problems have been exacerbated by the blockade, by the failure of foreign Governments to meet their commitments of financial support and by serious internal tensions.

Hamas has a big responsibility here. It controls Gaza and has refused to allow the Palestinian Authority the control necessary to implement reconstruction, so it has not been permitted to take security and civilian responsibility for the Palestinian side of Gaza's borders with both Egypt and Israel. Hamas has also misappropriated construction materials for use in terrorist infrastructures. This has been a long-standing problem. We now know that over many years much aid was diverted from essential building works to construct the network of terrorist tunnels that have been so significant in allowing Hamas to carry out its terrorist acts both in Israel and in Egypt, hence the unity of approach by both countries determined to prevent Hamas rebuilding the tunnels.

Happily, a great number of these tunnels were destroyed in the last conflict. The blockade continues, while the risk remains of these tunnels being rebuilt—signs of which have already been seen, unfortunately. Indeed, in recent weeks the Egyptian authorities have discovered and destroyed more tunnels crossing from their land into Gaza. While the 2007 blockade certainly has an impact on economic growth and reconstruction, unless and until Israel feels confident that its security will not be threatened by lifting the blockade, it is understandable that it continues. Even the UN, not slow to criticise Israel at every opportunity, has accepted that the Gaza blockade is legal. The UN's Palmer report determined:

> "Israel faces a real threat to its security from militant groups in Gaza. The naval blockade was imposed as a legitimate security measure in order to prevent weapons from entering Gaza by sea and its implementation complied with the requirements of international law".

Although security issues also have an impact on economic and business life in the West Bank, the constant threat of missile attacks was, happily, missing, and as a result the West Bank was not sucked into the 2014 war. There remain serious security issues in the West Bank and there are no open relations with Israel but, in contrast, life and the economy there are far better than in Gaza.

[LORD GOLD]

Why the difference? The key issue is the absence of Hamas. It has been a constant threat to Israel and peace in the region. It has been behind a reign of terror over the civilian population of Israel, constantly firing missiles across the border. It has used its tunnels to infiltrate Israel to kidnap and kill innocent civilians. It has controlled Gaza with a ruthless hand, unhesitatingly murdering opponents without trial. Indeed, we now know that, under cover of the Gaza conflict, Hamas summarily executed at least 23 of its opponents. The *Guardian* wrote that they were settling old scores.

However, there is reason for a little optimism, and I believe that we in your Lordships' House can play an important role, whichever side of this debate we may be on. Recent newspaper reports indicate that Hamas is being threatened by Salafists and Islamic State jihadists in Gaza. This group has been responsible for recent rocket attacks in Israel, hoping to destabilise the present fragile ceasefire. Happily, Israel has not reacted to this, as its intelligence has identified exactly what is going on and, perhaps bizarrely, Israel and Hamas now find themselves with a common enemy. Better the devil you know, I suppose.

There are also reports of Israeli and Hamas officials secretly meeting in Qatar to see whether a five-year ceasefire can be agreed, and recently Efraim Halevy, former head of Israel's Mossad intelligence service, has called for a direct dialogue with Hamas. Perhaps there is a connection between these two developments. Having a dialogue with a sworn enemy is a step that many would regard as too large to take but—as we have seen in Northern Ireland—without taking it at some stage, we cannot progress towards a peaceful solution.

The Hamas charter calls for the destruction of Israel. If progress towards peace is to be made, at some time Hamas will have to abandon that aim. I would hope that the Qatar meetings are a start towards that change. If that can be achieved, progress towards the two-state solution can also be made. Since its foundation, Israel has demonstrated that a true democracy can operate and thrive in the Middle East and be successful in all areas, not least economically. Palestinians have themselves demonstrated throughout the Middle East and in many other parts of the world that they have great business acumen and talent. We should see whether we can work together to achieve some sort of recognition that working together will be better for everyone in that region.

6.06 pm

Baroness Blackstone (Lab): My Lords, it is now a year since the horrific war in Gaza in which over 2,000 Palestinians were killed, of whom 65% were civilians and over 500 were children, and 73 Israelis were killed, of whom six were civilians. As the noble Baroness, Lady Tonge, has said, much of the infrastructure in Gaza was destroyed—schools, hospitals, power and water plants, roads, residential accommodation—displacing 100,000 people, very few of whom have been rehoused. Along with the blockade of Gaza, this wanton destruction has crippled the Gazan economy, leaving it with one of the highest rates of unemployment in the world, at 43%, and a poverty rate of 39%, according to the World Bank. By the end of 2014, youth unemployment had soared to 60%.

As the noble Lord, Lord Gold, has just said, movement restrictions and the blockade, as well as the armed conflict, have led to Gaza's economic performance being at rock bottom—worse in only three other countries in the world. It is estimated that 80% of the population are dependent for their survival on overseas aid. Following last year's war, reconstruction has begun. However, the pace is terribly slow, because of the restrictions on the import of building materials due to the blockade. Lengthy power cuts continue and manufacturing has almost disappeared. After Israel's imposition of the blockade in 2007, Gaza's GDP was reduced by one-third, as the right reverend Prelate also mentioned.

I am afraid that I cannot agree with the noble Lord, Lord Gold, that this blockade is justified because of Israeli security problems. In fact, in the long term, the blockade will threaten Israel's security. My first question to the Minister is about what steps the Government are taking to get the blockade lifted. Further efforts are surely needed following the request that the Foreign Secretary made to Egypt last month to open the Rafah crossing. Should there not be another concerted effort by the UK and the international community to put pressure on Israel to lift the blockade, which would allow the £3.5 billion pledged for reconstruction to be spent? Pledges are simply not enough; action is what is needed. Unless economic growth can be re-established and jobs created for young people, Gaza will surely become a breeding ground for much more dangerous extremism.

Last year's war did not just result in many civilian deaths; it also left over 11,000 Palestinians injured, including 3,500 children, some of whom suffered permanent physical disability. As has already been mentioned, many more children have been traumatised, fearing to go to school, bedwetting, clinging to parents and with high levels of aggression. This is all well documented in a recent report by the Save the Children Fund. The damage done to so many children and young people does not augur well for the future of Gaza and its political system. There is a danger that some of them will grow up alienated, disturbed and easy prey for militant extremism, which the high rate of unemployment is likely to exacerbate. More aid is needed to provide psychological help to these children, as well as better conditions to give them some hope for the future.

There is already evidence that Salafist militants now claim allegiance to ISIL and are becoming very active in Gaza. They recently fired rockets into Israel with the aim of jeopardising the ceasefire. Were their numbers to grow greatly, Hamas's crackdown on them might be very hard to sustain, resulting in potentially terrible consequences, not just for Gaza but for Israel.

My second question to the Minister is: what steps does the UK intend to take to implement the recommendations of the UN Human Rights Council's report? The Independent Commission of Inquiry received full co-operation from the Palestinians, but, deplorably, not from the Israeli Government, who refused to respond to its questions. Nevertheless, the report was

impeccably even-handed, finding fault on both sides. It criticised Palestinian armed groups for indiscriminate firing of rockets into Israel and the failure of the Palestinian authorities to bring those involved in violating international law to justice. It considered that many of the actions of the Israel Defense Force may have amounted to war crimes or violation of customary international humanitarian law. One of the issues that concerned it was Israel's,

"lamentable track record in holding wrongdoers accountable, not only … to secure justice for victims but also to ensure the necessary guarantees for non-repetition".

In the debate on the report, the UK Government voted in Geneva last week to support the UN's accountability resolution. Will they now work at the UN in New York and in the European Union to set up investigations into possible war crimes in the interests of abolishing impunity? Surely we owe it to the victims of these atrocities to challenge the impunity that, up to now, has prevailed across the board? If we fail to do so, we must fear for the prospects of peace in Gaza and for a stable and secure political situation ever being established there.

6.12 pm

Lord Sheikh (Con): My Lords, I thank the noble Baroness, Lady Tonge, for securing the debate. Achieving lasting peace between Israel and Palestine must remain a significant priority for the international community. The issues in the Gaza Strip are far-reaching and affect us all, not least the Muslim and Jewish communities.

Last month, the Daesh insurgents threatened to turn the Gaza Strip into another of their Middle East fiefdoms. Daesh is trying to destabilise Hamas and create tensions between Hamas and the Palestinian Authority. Daesh has carried out bombings in Gaza and rocket attacks on Israel. In the light of this, the need for the international community to find a just solution to the plight of the beleaguered Palestinians becomes all the more pressing. We need to consider the implications of a spread of the brutal Daesh threat to Gaza and, perhaps, the West Bank. I ask my noble friend the Minister whether our Government have considered the security implications of increased Daesh influence in these areas.

We need a more balanced and equitable approach to these issues, and we could begin by recognising Palestine as an independent state. In October last year in the other place MPs voted by 274 to 12 on a Motion to recognise the state of Palestine alongside the State of Israel. At the moment, 136 countries have recognised the state of Palestine, including the Vatican and Sweden. I ask my noble friend the Minister what the Government's present position is regarding recognition. Further, does she feel that we have a fair and balanced attitude when looking at Palestine and Gaza? We must all work to the establishment of a two-state solution and the creation of a viable sovereign independent state of Palestine, living peacefully alongside a secure Israel. Can we take a more active role to achieve this objective?

This debate may be about the political situation in the Gaza Strip, but of equal importance is the humanitarian situation. I care deeply about humanitarian issues and have been involved in facilitating four convoys of humanitarian aid being sent to Gaza following the Israeli invasion in 2009. I subsequently visited Gaza with the consent of those on my Front Bench and the Conservative Party. I saw for myself the devastation that had been done and tragically continues to this day. I have also visited Israel and the West Bank.

It has been a year since the cessation of the 50-day assault on Gaza, which left more than 2,200 mostly innocent Palestinian men, women and children and 71 Israelis dead. There was a programme yesterday on the BBC that showed how the children of Gaza have been traumatised following the invasion. Little has been done to stem the tide of poverty, destruction and deprivation that has engulfed the strip. The situation is dire: more than 100,000 people are still displaced and homeless; unemployment stands at more than 50%; and 80% of residents depend on food aid. Medical supplies are at an all-time low; 25% of people have no access to fresh running water and there are frequent power cuts. I, with others, have tried to get medical and humanitarian aid into Gaza, without success, for more than six months. We must all use our influence to ensure that the inhuman siege is brought to an end. Can the Minister confirm the Government's commitment to seeing an end to the brutal siege of the people of Gaza?

We can no longer stand by while the rights of Palestinian people are systematically abused and their suffering continues. Nor can we hide behind the idea that Palestine simply is not ready politically or economically to support a political state. We must work proactively with the international community to achieve a two-state solution.

6.17 pm

Lord Davies of Stamford (Lab): My Lords, there are five salient facts that ought to come out of any debate about Gaza, two of which I am glad to say have already been dealt with at some length and are generally recognised in the country. One is that Gaza is clearly a most unpleasant place to live: it is extremely poor and very violent. It is poor partially because of the blockades that have been imposed by both its neighbours, Egypt and Israel, for reasons that may be very understandable. One can realise that that immediately has very negative humanitarian consequences. There is obviously a sense of great despair in the population of Gaza. We have to recognise and start from that, and ask what has caused it and what we can best do about it.

The second salient fact that has come out and which is certainly recognised all over the world is that Gaza in its present state is a recurring threat to peace in the region. Rockets are continually fired at Israel. After some years, the Israelis inevitably lose their patience—they do so much less rapidly than I would if people were bombarding Lincolnshire with rockets on a regular basis—and intervene militarily. There is nasty military action, obviously with a lot of fatalities.

Those two facts are pretty well known. There are three facts about Gaza that are not so well known and which ought to be better known. One is that it is a very nasty, savage tyranny. The noble Baroness who introduced the debate—we are enormously grateful to her for doing that—did not mention this, but Hamas imposes its power by regular use of torture and execution of political opponents: so-called collaborators with the

[Lord Davies of Stamford]
Israelis and so forth. I believe that the noble Baroness knows Gaza very well and often talks about it. I never hear her mention the words "torture" or "execution". I wish she would, because her remarks on the subject would then sound a little more dispassionate than they generally do. She used the words "open prison". I have been in quite a number of open prisons—not as an inmate, but as a visitor. On the whole, they are pretty humane institutions. Gaza is anything but a humane institution. It is a very unpleasant tyranny. We should not forget it.

The fourth point that ought to be much better known is one I tried to bring out a few weeks ago at Questions, when I asked the Minister whether Hamas could bring to an end, any day it wanted, the blockade imposed by Israel, simply by accepting the quartet conditions. These, as the House knows, are: the giving up of violence, the recognition of the state of Israel and the acceptance of existing accords, including the Oslo accord. The answer I got was yes, the Hamas regime could, any day it wants, get rid of these blockades. It chooses not to do so. Finally, I have met representatives of Hamas and they are of course in denial. They say, "No, we can't possibly recognise the State of Israel". They tend to say that they cannot recognise the State of Israel even with the 1948 borders; they certainly cannot recognise what happened in 1973 or 1967. So they are in denial.

The fifth point, which certainly is not as well known as it ought to be—because it affects the pockets of every taxpayer in this country, apart from anything else—is that this mixture of unpleasantness, tyranny, threat to world peace and denial is being actively subsidised by the international community to the tune of many billions of dollars a year. The World Bank reckons that the GDP of Gaza is about $1.6 billion and that the total subventions that Gaza receives is some 60% higher than that. In other words, this is probably the most subsidised community anywhere on God's earth. The European Union makes much the biggest contribution to these subsidies, at about €1.6 billion, and the second largest contributor is Qatar, at about $1 billion. If we are going to go on subsidising the Hamas regime as we do, we have to ask ourselves whether we should introduce an element of conditionality into our relationships with Hamas. I put it to the Minister that perhaps it is time we did and that we say to Hamas that it would not be in anybody's interests—least of all the peoples of Gaza—to simply carry on with these subsidies indefinitely with no political change, with no recognition, and with a continual "in denial" approach towards the problems of the Middle East on the part of Hamas; that it is time for Hamas to begin to take life seriously and to make sure that it recognises reality and the needs of the next generation of Gaza, which should not suffer the terrible incubus that the previous two or three generations have under the Hamas regime.

6.22 pm

Lord Judd (Lab): My Lords, I thank the noble Baroness, Lady Tonge, not only for introducing this debate today, but for the courageous consistency and firmness with which she pursues this issue.

One of the most cynical dimensions to the whole situation at the moment is that, while we all know that if there is to be a two-state solution, there has to be reconciliation between the two parts of the Palestinian political organisation, this is impossible because of the rigid controls of border crossings. The assembly, which had been set up, at least in theory, to enable this reconciliation to begin, is unable to function. This is something to which we must all address ourselves.

Like the noble Baroness, I was at that service in Westminster Abbey today—and a very splendid and impressive occasion it was. I was reflecting on two things. First, what is becoming clearer and clearer about Srebrenica is the cynicism and prevarication in the outside world which meant that the horrific eventuality of the genocide could happen. We all solemnly undertake that this must never happen again—exactly as we said of the Holocaust. I wonder if—pray God, not on the same scale—we shall be having a service in Westminster Abbey to talk about the inaction, the prevarication and the failure to face up to the issue of Gaza by the outside world. It is high time for effective action and not just platitudes.

We lament the effect of the blockade: the suffering of the children and families, the adverse impact on health services, and the fact that a UN official in exasperation can say that at the present rate it will take 30 years to rebuild Gaza. All these things impress us, but of course the most important thing is to enable the economy of Gaza to function. When I was last in Gaza, I was talking to a senior UN official who said, "These people are immensely entrepreneurial, full of imagination and dynamism; given half a chance they could become incredibly successful economically". But that chance is not there. The materials that they need to develop their industries are not coming into the country. Access to the markets of Israel, and the world beyond, are just not there because of the crossings—and the control at the crossings.

People say, "We've got to understand the reasons for the control at the crossings—the constant bombardment of Israel". While that may be a reality, how much imagination has gone in to thinking about how we could get independent monitoring at the crossings? Have the British Government been making representations about the possibility of UN monitoring at the crossings? Is this not something we should be arguing for very strongly with our Palestinian and Israeli friends as one approach to making sure that the wrong materials are not going in? There is also this talk about having to face the reality that the bombardments and the military action have come from both sides. I am really rather tired of that argument. It is obviously true that there were all these rocket attacks; they were stupid and provocative and wrong. But the disproportionate and indiscriminate size of the retaliation dwarfs that into insignificance. In fact, even more recently, it appears that innocent Gazan people have been shot by Israeli security forces—with fishing families fired at. We have to be very careful about this "two sides" argument on the bombardments.

My biggest anguish—and I have followed the whole situation closely since the Six Day War in 1967, when I was in Israel for its duration—is how on earth is Israel

building security for its future, its children and its grandchildren? It is building up resentment. It is providing recruits for ISIL. We must persuade the Israelis that this kind of punitive action, which they seem determined to follow, is not the way to secure a future for their country. We will support and work with them in every reasonable way if we have a genuine regeneration of effective international action.

6.28 pm

Lord Ahmed (Non-Afl): My Lords, I too would like to thank the noble Baroness, Lady Tonge, for providing us with the opportunity to discuss Gaza and the plight of Palestinian people, who currently live in the largest prison in the world.

I had the pleasure of travelling with the noble Baroness, Lady Tonge, a few years ago on a boat from Cyprus to Gaza. During that trip we were harassed by the Israeli navy in the international waters like pirates. Despite this setback, we made it to Gaza and saw for ourselves how the Palestinian people had been suffering for many years.

Just this past week, Israeli Navy forces intercepted a ship carrying international activists who hoped to breach the Israeli naval blockade of Gaza. The vessel, which contained humanitarian aid including medicines and solar panels, was prevented from entering. That incident is nothing new. As your Lordships' will remember, in 2010 Israeli forces raided a Gaza-bound flotilla and violently attacked the activists on board. Some nine pro-Palestinian activists were killed as a result. Do Her Majesty's Government believe that intercepting and attacking boats in international waters carrying humanitarian aid to Gaza is illegal under international law? Have Her Majesty's Government advised the Israeli Government on this matter?

Today, we can see with our eyes and through facts that Israel severely damaged the stability of Palestine. As we heard from the noble Baroness, Lady Tonge, last year, Israeli Operation Protective Edge either severely damaged or destroyed 17 hospitals, 56 primary healthcare facilities and 45 ambulances. Sixteen healthcare workers were killed and 83 were injured, most of them ambulance drivers and volunteers. In total, as we have heard again and again, more than 2,200 Palestinians were killed, at least 500 of them children. More than 10,000 were wounded. Over 160,000 homes were affected, with 2,400 housing units completely destroyed and 6,600 severely damaged. Some 17,500 families—some 100,000 individuals—are still homeless. An estimated 7,000 explosive remnants of war are buried in debris. At least 10 people have been killed and 36 injured due to ERW. According to the Israeli Committee Against House Demolitions—ICAHD—since 1967 Israeli authorities have demolished more than 27,000 structures in the Occupied State of Palestine. Furthermore, according to the Norwegian NGO, the Internal Displacement Monitoring Centre, the number of internally displaced people among the Palestinian population is at least 263,000.

Israel's colonial and prolonged military occupation of the Occupied State of Palestine, including its eight-year blockade of the Gaza Strip, is the root cause of recurring violence and ongoing violations of the human rights of Palestinians. Poverty, deprivation and lack of education are all factors increasing crime and signs of extremism. This increase in extremism paves the way for Daesh to expand its influence to Palestine. Several reports by UN bodies and independent fact-finding missions have now accused Israel of committing war crimes and crimes against humanity. The lack of accountability for these crimes has led to the recurrence of such crimes and to the latest aggression against the Palestinian people living in the Gaza Strip—the deadliest offensive against the Palestinian civilians in the Occupied Palestinian Territories since 1967.

There is an Israeli contempt for Palestinian life and international law. The international community has an obligation to ensure respect for civilian lives and international law. The only way to do that is to bring perpetrators of crimes to justice and to hold the occupying power accountable. Finally, would Her Majesty's Government support any UN initiative to bring all those responsible for war crimes to justice, whether Israeli or Palestinian?

6.33 pm

Lord Turnberg (Lab): My Lords, I am afraid that I must admit to being among the usual suspects gathered for this debate. It is pretty obvious that I, on my part, tend to defend Israel but I do so with some knowledge and a great deal of sympathy for the citizens of Gaza. I meet young medical researchers from Gaza who come to the UK on travel fellowships that my wife and I support from our charity. They tell me how hard life is and about the worries they have for the future of their children. They have many reasons to worry, not least because Hamas keeps a very tight hold on everything they do and does not brook any disagreement from its citizens.

It was Hamas that cut off the nose of its people to spite its face by destroying all 3,000 huge greenhouses that Israel left behind 10 years ago. More importantly from the political perspective, it removed all trace of Fatah, the opposition party, when it came to power by expelling its members or killing them off. I can tell the noble Lord, Lord Ahmed, that it is Hamas that has contempt for life. These are not nice people. Mr Abbas has never been able to visit Gaza out of fear for his life. It is clear now that the PA and Hamas are incompatible and their so-called unity Government dead. That nice Mr Abbas even accused Hamas of treachery for recently hinting that it might be willing to talk about a peace deal with Israel, according to something called "Middle East media sources". That is remarkable but apparently true.

Hamas split from the PA and is becoming increasingly isolated. It lost the support of Egypt because of its strong links with the Muslim Brotherhood. Egypt has now become an outright enemy, at least for the moment. Meanwhile, more extreme groups nibble away at Hamas's political base. It is losing the support of Qatar and others in the Middle East as aid for reconstruction from there has almost dried up—despite the promises. It is even in the firing line, as we heard, from ISIL, which promised to annihilate Hamas as well as the Jews in a recent somewhat surprising outburst. Its main remaining friend is Iran, which continues to supply arms and other support.

[Lord Turnberg]

One of the major sources of income for Hamas was the tax it placed on goods smuggled through the tunnels from Egypt. That made many Hamas officials into millionaires. It may surprise your Lordships but yes, there are millionaires in Gaza. However, now Hamas feels the squeeze and is increasingly reliant on the tax it puts on the 15,000 tonnes of goods that Israel ships across every day. That is 500 truckloads of materials every day. There are also more than 1,000 people going across into Israel: businessmen, patients coming to hospital and so on. There is more to do, of course. However, I say to my noble friend Lord Judd that Hamas refused to allow the Palestinian Authority, let alone the UN, to monitor the crossings. Contrast all that with the recent failed attempt to bring in this Swedish ship, which was found to contain actually very little aid at all. It was a political gesture. If the political and financial position has weakened for Hamas, its relations with the PA are deteriorating and its support from the rest of the Middle East fading, does the Minister think there is any prospect that Hamas will drop its demands that Israel be destroyed? What is the Government's assessment of reports that Hamas will contemplate discussing a peace deal with Israel? Are the Government here doing everything they can to help that?

Finally, I will say something about proportionality and the accusation that Israel's response to the thousands of rockets fired at it was out of proportion. There is no doubt that the people of Gaza suffered terribly in the recent wars. However, it is the nature of the threat to which a response should be proportional. Where was the proportionality in the bombing by the allies in Kosovo when there were many civilian casualties on the ground with not a single US or UK casualty? What about the bombing now of Iraq, Yemen and potentially in Syria by the US and ourselves? It is hard to imagine that there are no civilian casualties there yet we have none on our side. It is the nature of the threat that determines the response and unfortunately Israel has an existential threat on its doorstep. Why did Hamas not allow its citizens into the tunnels it has in large numbers for smuggling and attack? It must bear some responsibility for its civilian deaths. While I do not view the deaths of women and children with any equanimity at all—indeed, I am very distressed by them—I just do not buy the proportionality argument. The oppressed citizens of Gaza deserve better but that can be achieved only when Hamas changes its belligerency and seizes the opportunity to talk about peace instead of war and destruction.

6.39 pm

Lord Warner (Lab): My Lords, I, too, congratulate the noble Baroness, Lady Tonge, on securing this debate, and I congratulate her and the noble Lord, Lord Sheikh, on their excellent speeches. It is timely to discuss Gaza's misery as events in Iraq, Syria, Libya and now Tunisia push Palestinian issues in general and Gaza's problems in particular further and further into the public and political background.

I have been to Gaza and met Hamas representatives both there and outside Gaza. There are undoubtedly some pretty unpleasant people among them, but I can think of many political parties around the world that have unpleasant people in them. That is not an excuse for not talking to them. It is easy to forget that Hamas won a democratic election, supervised by the UN, in 2006, so we have been involved in not having discussions with that particular democratically elected Government.

We found at the end of the day in Northern Ireland that we had to talk to the IRA. We found that the IRA itself had splintered and that some of the most unpleasant people had gone off to do other things that were even more unpleasant than anything the IRA did in its heyday. That is no excuse in the modern world for refusing to discuss with Hamas and trying to forge some capacity to help Israel engage with Hamas. Standing on the sidelines hoping for better weather to arise in Gaza, which is what we do, does not seem to me to be a very credible strategy for a modern Government in Europe.

I want to spend the rest of my time picking up some of the issues about what we are allowing to happen in Gaza to its children. Their plight is terrible—the BBC will be reminding us bravely this week of some of the trauma that they have suffered. The US seems to have retired hurt from the Middle East and Europe now has to start to make up its own mind what it wants to do in this area.

The context is pretty terrible as far as Gaza's children are concerned. The starting point in their plight is the civilian death and destruction caused by the Israeli military in July and August last year. This was not just the first conflict, it was the third such conflict in six years, with further destruction piled on that from the previous two. Let me quote from the March 2015 draft of a UN damage and needs assessment:

"During the 51 day escalation, bombardments, air strikes and ground incursions resulted in an estimated 2,260 direct casualties"—

that is a euphemism for killings—

"including 612 children … and 230 women ... 10,625 people were injured, among them 3,827 children … and 1,773 women ... 899 people were left permanently disabled".

None of these dire statistics tells us anything about the casualties left over from the previous two conflicts or about those children and their mothers who survived all three but have been left severely traumatised by their experience. Studies show that mental disorders are consistently higher in Gaza than in Israel. These casualties would be a challenge for any healthcare system, let alone one so impoverished as Gaza's. The last conflict alone killed and injured over a 100 healthcare workers, with ambulance drivers disproportionately affected. A WHO assessment of 87 health facilities has revealed that 25 have been severely damaged or destroyed, and goes on to say:

"El-Wafa Rehabilitation Hospital ... was specifically targeted and totally destroyed following warnings from the GoI to evacuate its patients and staff".

WHO estimates the economic losses to the health sector at over $380 million. There is a chronic shortage of pharmaceuticals, supplies and spare parts for medical equipment. All this is on top of the damage to water and sewage facilities, housing, electricity and the food supply. Between 95% and 97% of the water supply is unfit for human consumption.

This is the context in which Gaza's children are growing up: high unemployment, no prospect of jobs, traumatised, poor, with 80% of the population dependent

on donor aid. Would we really be surprised if some of them turn to ISIL and Islamic Jihad, and would we really be surprised if those numbers increased? We are bringing on ourselves and helping Israel to bring on itself a move to extremism. This will do even more damage in Gaza and do damage to Israel itself.

6.45 pm

Baroness Morgan of Ely (Lab): My Lords, in September, 22 years will have passed since the famous Arafat-Rabin handshake in Washington—the Oslo agreement that promised so much but has delivered so little. The tragedy of Palestine, and Gaza in particular, continues unabated. Nobody can forget the dreadful scenes that we saw on our televisions last summer. It is of course essential that we recognise that there is fault on both sides. If Hamas wants to see an end to the constant blockades and incursions, it needs to refrain from lobbing indiscriminate rockets into Israel and to recognise the right of Israel to exist. It also needs to stop hiding weapons in schools.

The noble Lord, Lord Mitchell, in our last Palestine debate in January powerfully read out excerpts from Hamas's Covenant of the Islamic Resistance Movement, which frighteningly set out some of the organisation's rules and principles, including the encouragement to jihad. But Israel, as a respected friend of the UK, needs to be told in no uncertain terms that it needs to respect international law, to stop killing innocent civilians, and to stop building on land that is not its own. There are extremists on both sides, and they need to understand that the whole region is in a great deal more precarious a state than it has been in for decades. Now would be a good time for both sides to compromise.

It is essential that we do not forget the devastation that has been brought on the Gaza Strip: massive youth unemployment, shelled houses, limited imports and exports due to the blockades. Many noble Lords have detailed last summer's appalling death toll—mostly civilians and many children. As the noble Lords, Lord Sheikh and Lord Ahmed, emphasised, over 100,000 people in Gaza are thought to have had their homes destroyed, and not a single one of these has been reconstructed in the last year. But it is also unacceptable that 69 Israelis were killed including four civilians. Israeli people need to feel safe in their homes and when they travel, and we must see an end to indiscriminate bombings on buses and murders in synagogues.

It must be emphasised that the UN Human Rights Council has concluded that there was evidence of atrocities and suspected war crimes on both sides in the conflict last summer. However, the disproportionate number of casualties on the Palestinian side compared to the Israeli side speaks for itself. People around the world saw that as unjustifiable.

King Abdullah of Jordan stressed that ISIS's ability to recruit foreign fighters was aided by last summer's conflict between Israel and Palestine. He said that many of those who joined the group were spurred on by the perceived persecution of the Palestinians. With IS gaining strength in the region, including last week in Sinai, Hamas needs to understand that now would be a good time to reach out and go for peace. At the start of this month a new video was released by ISIS militants who have directly threatened to overthrow Hamas in Gaza, because the group is not extreme enough. Even the former head of Mossad says that direct dialogue by Israel with its sworn enemy could lead to a form of mutual coexistence. Are the Government aware of any quiet negotiations taking place between Israel and Hamas at the moment?

In order to break the deadlock, Israel needs to halt its illegal and continued settlement expansion and land confiscation in the West Bank. The number of Israeli settlers in the Palestinian West Bank grew by approximately 85% after the Oslo accords were signed. Labour is firmly of the view that we need a two-state solution, but we need to ensure that Palestine can be a viable state. Constant and illegal land grabs make this more difficult by the week. The new Israeli Government have announced new plans to build further settlements. Beyond condemnation, what action are the UK Government taking to end the settlement expansion that they agree is illegal? Does the Minister really believe there can be a peace agreement when the Israeli Government continue to act in this way, when Netanyahu suggested during his election that he did not want to see a two-state solution, and when the US priority for this region has changed?

Palestine and Gaza cannot be dealt with in isolation from other events and battles going on in the region. While the continuing advance of IS is of profound concern, we cannot ignore the festering sore that has lasted for so many decades in Palestine. We need to work towards a lifting of the blockade, an honouring of the pledges for reconstruction, and an understanding from both the Israelis and the Palestinians that they have a great deal more to lose than to gain from the continued absence of peace.

6.50 pm

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, I am grateful to the noble Baroness, Lady Tonge, for tabling today's wide-ranging debate. It was important for us to hear from her the graphic description of the appalling humanitarian conditions within Gaza. It was also very helpful to hear the insights of the Front-Bench spokespeople—both the Opposition and the Liberal Democrats—in putting everything into context, as they did.

It is clear that the current situation in Gaza is unacceptable. It is true that the ceasefire agreement reached in August 2014 is still largely holding, but there has not been progress towards a durable solution that addresses the underlying causes of the conflict. Hamas remains in charge in Gaza—and the noble Lords, Lord Davies of Stamford and Lord Turnberg, reminded us that under Hamas life is far from easy. This is not a straightforward matter of who is good and who is bad. We have assessed that Hamas is seeking to rebuild militant infrastructure, including the tunnel network, in Gaza, and we are deeply concerned at reports of militant groups rearming.

Noble Lords referred to the issue of Daesh/ISIL perhaps being in Gaza. We are indeed concerned about the recent rise in the number of small Salafist groups in Gaza that have self-identified with ISIL/Daesh, and we are monitoring the situation closely. Meanwhile,

[Baroness Anelay of St Johns]
the Palestinian Authority has not taken the steps needed to make progress on reconciliation and to restore control in Gaza. Of course, while Israel has indeed lifted some movement and access restrictions, including doubling the water supply to Gaza and permitting more exports of produce from Gaza, as noble Lords have pointed out, Israeli restrictions are still extensive. We work consistently to persuade the Israelis that they should ease those restrictions further; we should not underestimate the changes that have taken place, particularly with regard to access to water. But so much more needs to be done, and there needs to be certainty rather than having moment-to-moment access to the necessaries of life.

Egypt, wary of extremists in the Sinai, has been reluctant to reopen the Rafah crossing, opening it only sporadically. Again, clearly it is important that we continue working with Egypt to be able to have that crossing opened more regularly.

Without significant change, at best, it could take many years to rebuild Gaza. At worst, we risk a return to conflict and, if the underlying causes are not addressed, Gaza risks becoming an incubator for extremism around the region. So, as noble Lords have said, there is an urgent need to address the terrible situation in Gaza once and for all. Bold political steps are necessary—first, to bring about a durable end to the cycle of violence and, secondly, to address the underlying causes. I can say directly that, with regard to the recognition of Palestine, our position remains that it is important that to achieve any resolution we will recognise the state of Palestine, where Palestinians currently live, only if and when Hamas get to the position whereby it can recognise the right of Israel to exist, as the noble Baroness, Lady Morgan, mentioned. The moment when we are able to decide to recognise the state of Palestine is the one that best brings about hope of peace. We will make that step only when we judge that it best brings about peace, and it would be a matter of recognising the state on 1967 borders. That also means that we continue to work with regard to discussing with Israel very strongly about the illegal extension of settlements in the Occupied Territories. Israel knows our view on that very well.

I was also asked by the noble Baroness, Lady Tonge, whether we would consider an arms embargo on Israel. The UK continues to be of the belief that imposing a blanket arms embargo on Israel would not promote progress on the Middle East peace process at the moment. All countries, including Israel, have a legitimate right to self-defence; our Government operate some of the most robust export controls in the world. We approve equipment only when we are satisfied that it would be consistent with the EU and consolidated arms export criteria. We are most cautious.

I was asked about the talks between Hamas and Israel—the hudna talks—that are rumoured to be taking place. What I can say, very carefully, is that we are aware of the rumours of those talks; the immediate priority for us remains that all parties should prioritise making progress on reaching a durable agreement that addresses the underlying causes of conflict.

Our policy on Hamas remains clear: it must renounce violence, recognise Israel and accept previously signed agreements. Hamas must make credible movement towards these conditions, which still remain the benchmark against which its intentions should be judged. We call on those in the region who have an influence over Hamas to encourage Hamas to take those steps. It is important that all parties take credible steps to end this cycle of violence. Many noble Lords have referred to how long this violence has endured. Working with others, such as the United States, we want to make progress with the Middle East process talks. Clearly, it is a matter that the talks have not progressed over the last year as we hoped they might; we continue to press that those talks should resume and resume soon.

Many noble Lords referred to accountability in some detail, and it is right that that should be raised at this point because of the United Nations report, the commission of inquiry report that was before the Human Rights Council so recently, in this last month. I attended the Human Rights Council and was there shortly before the report was issued, and of course I have followed each and every word of the debate that ensued on that matter. Our negotiators in Geneva were very careful and firm in the views that they took as a result of guidance from Ministers, and I am very grateful to them for their work.

As the noble Baroness, Lady Tonge, said, the UK along with our EU partners voted in favour of the resolution on the UN commission of inquiry report on the 2014 conflict in Gaza just last week. We would have preferred to see a text that gave more weight to Israel's legitimate right of self-defence and the threat that she faces from militant groups operating inside Gaza, including Hamas. However, despite those concerns, we supported the text of the resolution. The noble Baroness will know from her experience that every word counts in those resolutions.

The UK is deeply concerned by the terrible human cost to both sides of the ongoing Israeli-Palestinian conflict, as underlined by the findings of the report. We strongly condemn the indiscriminate firing of rockets into Israel by Hamas and other militant groups in the Gaza Strip. Such actions are serious violations of international humanitarian law. I would say to the noble Lord, Lord Ahmed, and others that it is for all states and non-state parties to have a careful mind about what constitutes international law and international humanitarian law, including those who seek to deliver aid from whichever avenue they seek to do it. It is for all of us to obey the law. We do not pick and choose. We have throughout urged both sides to the conflict to act in a manner that is proportionate and to take all measures to prevent the loss of human and civilian life and to comply with the law.

We note that the UN commission of inquiry report highlights,

"substantial information pointing to serious violations of international humanitarian law and international human rights law by Israel and by Palestinian armed groups. In some cases these violations may amount to war crimes".

The noble Baroness, Lady Blackstone, and others asked what happens next, after this stage. The allegations in the COI report must be fully investigated by Israel, the Palestinian Authority and the authorities in Gaza.

We therefore welcome the fact that Israel is conducting its own internal investigations into specific incidents. Where there is evidence of wrongdoing those responsible must be held accountable. I will pursue that too. I have had my own conversations with those involved in investigations in Israel and I shall continue to hold them to account. It is first for both parties to demonstrate robust and credible internal investigations to this end, in line with international standards. I believe that we and the United Nations will continue to monitor that carefully.

Many noble Lords mentioned the matter of international aid. The United Kingdom has been one of the largest donors to Gaza since last summer, providing more than £17 million in emergency assistance. I assure the noble Lord, Lord Davies of Stamford, that none of our aid goes to Hamas. It goes via the United Nations relief agency and the Gaza Reconstruction Mechanism. This has helped to provide vital supplies of food, clean water, shelter and medical assistance to those most in need. The UK pledged an additional £20 million at the October 2014 Gaza reconstruction conference in Cairo to help kick-start the recovery and get the Gazan people back on their feet. We have now delivered 80% of that pledge, with more to come shortly. Others need to deliver on their pledges too. All aid should be delivered in accordance with international humanitarian law.

As we have heard in detail today, the challenges in Gaza are clear. We must act urgently to help its people get back on their feet and begin the hard work of reconstruction, which indeed will take a very long time. For its part, the United Kingdom will continue to push for progress towards peace, and lead the way in supporting Palestinian state-building and measures to address Israel's valid security concerns, working with the parties every step of the way. The security of the Palestinian people, of Israel and the region demands no less.

Ethnic Minorities

Question for Short Debate

7.03 pm

Asked by ***Baroness Berridge***

To ask Her Majesty's Government what assessment they have made of the contribution of Britain's ethnic minorities to faith communities and public institutions in the United Kingdom.

Baroness Berridge (Con): My Lords, it is a privilege to lead this debate today, and I am grateful to all noble Lords who are speaking this evening. I declare my interest as outlined in the register.

In a speech on Magna Carta that I gave recently, I was asked what I would put into the first paragraph of a modern-day Magna Carta. My answer was an outline of who we are today as Britons. Whatever your view on Europe or immigration might be, Britain has changed and will continue to do so.

I will outline briefly some numbers and the contribution to our institutions. Of the UK's 63 million population, 13% to 14% are black and minority ethnic, which is similar to the combined number of residents in Scotland and Wales. Our main cities, London, Manchester and Birmingham, do not just battle it out to be at the top of the premiership table, but as over half of the BME population live in these three cities each is competing to be the first majority non-white city. However, as a supporter of Leicester football club I think they may yet be pipped to the post for that honour.

Looking first through an ethnicity lens, Indians, who amount to 1.4 million citizens, are the most religiously diverse community, spread across Muslims, at 14%; Hindus, at 45%; Sikhs, at 22%; and Christians, who are overwhelmingly Catholic. Bangladeshi and Pakistani communities in the UK are almost entirely Muslim. Black Caribbeans are largely Christian, often from newer denominations, and black Africans are largely Christian but with a significant minority of Muslims, at 20%.

Those of Muslim faith are particularly diverse: 7.8% are actually white, 67.6% are Asian, 10% are black and 10% are other. The recent arrival of the Gurkhas has meant a boost to the 59.7% of Asians who represent the Buddhist faith, and 33.8% of Buddhists are actually white. If you are from the black and minority ethnic community, you are more likely to identify with a religion than the white population, to be religiously observant and to see religion as an important part of your life. In the British Caribbean community, 95% identify as Christian and 57% are in church at least once a week. Overall, between a third and a half of our main ethnic groups attend a religious service once a week. Those same groups believe overwhelmingly—70% of them—that religion plays an important part in their lives, compared with just 14% of the white population.

In my community, Christians are 92.7% white and 3.9% are black. Religious-identity figures of 59% in the census for Christians mask the fact that religious observance for Christians is huge among the black and minority ethnic population, often outside the traditional denominations, although the Catholic Church is the most diverse place of worship in the UK, which I hope the noble Lord, Lord Touhig, will reference. A Nigerian denomination, the Redeemed Christian Church of God, started 296 new churches in the UK in the five years to 2013, the largest of any single denomination. In just over 20 years this has grown to 475 parishes.

In 2013, the University of Roehampton did research and found over 240 new black and minority ethnic churches in the Borough of Southwark. Half of those were in one postcode alone, SE15. The borough has the highest concentration of black Africans in London, who are the fastest growing of the black and minority ethnic communities: 70% are Christian and 27% attend church weekly. As 91.5% do not identify as Anglican, these figures should not be surprising. Twenty per cent of British Caribbeans identify as Anglicans. The remainder are in denominations such as the New Testament Church of God, currently led by Bishop Bolt.

Perhaps these figures explain why 15% of the English population lives in Greater London, but 24% of church-going people in England on a Sunday are in London. Non-conformists are not exempt from this either. Trinity Baptist Church in South Norwood is the largest Baptist church in Europe, with 2,400 members and led by a British Ghanaian. Can the Minister outline how the Government and her department in Whitehall engage

[Baroness Berridge]
with the leadership of this diaspora-led church, which forms a large percentage of the 48% of church-going people each week in England who are outside the Anglican and Catholic denominations?

Although I have said in many Foreign Office debates that western Europe is known for its religious exceptionalism—as the rest of the world got more religious, we did not in the late 20th century—this does not hold for our black and minority ethnic community. This is where our future lies. Between 2001 and 2011, 80% of the UK's population growth was in the black and minority community. Twenty-five per cent of all under-10s are not white. In London, non-whites already outnumber whites in every age group up to the age of 20. Only 9% of the under-25s in Newham say that they have no religion, as opposed to 39% of their white counterparts.

The debate here might seem obvious as regards the ethnicity of British Muslims, Hindus and Sikhs, but without black Pentecostals, Filipino, Polish and Brazilian Catholics, and the Chinese in Anglican churches such as All Souls in Langham Place, the figures for the UK church in the UK would be unimaginable. Livingstone and others must be marvelling at the African denominations planting churches back here in the UK and at their contribution.

I do not want to focus on these people's great social capital, as there have been many comprehensive debates on this in your Lordships' House, but on other contributions. I know of many within the black community who when out of work do not claim benefits, even to the extent of paying each other's mortgages. Often the family, not the state, is the first port of call. I have also heard of this within the Chinese and Muslim communities. There is a very high view of family and marriage. But there is the strange anomaly of the lack of mosques that are registered for the purposes of UK marriage law. Therefore, many Muslim marriages are not legally valid, which often exposes women to vulnerability. The Law Commission is currently investigating, but this is an urgent matter that needs the Government's attention.

The main contribution of British BME citizens can be summed up in the story of a friend of mine. She has been a teacher for more than 20 years, but for the first time in her career she went to a school with a large number of Muslim students. At parents' evenings, she found that their concerns were just like everybody else's. "Are my children behaving in class? Are they making good grades? Are they going to get into the right university?". These communities are hard-working and industrious and often entrepreneurial. In fact, they are just British. The Government state:

"We will use … the strong personal links between our diaspora communities and other countries, to achieve the best for Britain".

If a significant number of hard-working British citizens are in transnational—religious—groups that are growing in global influence, especially in some of our emerging markets, such as India, China and Nigeria, how can this be harnessed for economic growth? As 84% of the world's population has a faith, a growing number of our citizens will be connected to business leaders and decision-makers overseas. I shall give a brief example. The Prime Minister addressed an event of black Christians from the Redeemed Christian Church of God at the invitation of their leader pastor Agu Irukwu. There were more 40,000 people there. The equivalent event in Nigeria attracts 1 million people, so it should come as no surprise that the newly elected vice-president of Nigeria's previous job was as a Redeemed Christian Church of God pastor.

Have any of our local enterprise partnerships or enterprise zones been encouraged to use their funds and expertise to understand how diaspora communities, their religious leaders and their businesses could be a driver for economic growth? We need to harness our diaspora as a vehicle for growth to benefit everyone.

In our own institution, on the best data from our Library, 50 out of 760 Members of this House are BME, which is 6.6%. In the light of what I have said, I hope someone will appoint from within the black-led church leadership to this House. In the Commons, it is similar at 6%, and the electorate is now about 10% BME, so there is no room for complacency. Since David Cameron became PM, the Conservatives have risen from two to 17 non-white MPs. In the same period the rise in Labour has been eight.

I was not aware when I submitted this Question for debate that there had been a survey of House staff and media coverage and that there is no black person in the senior pay grade in the staff of the House of Lords. The Lord Speaker is apparently to monitor this, but the same dynamic is true of the Commons. Most BME staff are in the lower pay grades. With the great success of the education department of the House, even more school children visit Parliament, and I think that disclosure, without identifying the staff member, MP or Peer, of the ethnic profile of MPs' and Peers' staff would be a gesture of support to the House authorities. Children more often than not see those people rather than us or House staff when they do a tour. We may look rather foolish if parliamentary staff change over the next few years, and if parliamentarians have the same issue we will attract similar publicity to Google, Facebook and Twitter, which were in the news last week for being able to put all their black and minority ethnic staff on one jumbo jet.

Sometimes it is the institutions that you least expect that change first, as evidenced by the recent appointment of Ken Olisa, the first British-born non-executive of a FTSE 100 company who is now the lord-lieutenant of London. The key leadership role is a vital statement, so hats off to the palace. This should be the Parliament of the end of the first blacks in this role, where DCLG shows the rest of Whitehall how to relate to diaspora communities and where these personal diaspora links are unlocked, bringing economic benefit for all. I am proud to be British and to be born at this time, when the British population is so ethnically diverse.

7.13 pm

Baroness Howells of St Davids (Lab): My Lords, I thank the noble Baroness, Lady Berridge, for raising this debate in her own inimitable way. Black people's experience is that there is a deficit in this country that holds back our children and chains our citizens to a life of a possibly untapped goldmine of potential. I am speaking not of a budget deficit but of a disparity of BME appointments to the highest echelons of this society in our public institutions.

I will first say a few words about the church. During World War II, thousands of black soldiers volunteered from all across the globe to support the British. It was the custom for American troops, made up of black and white soldiers, to attend a religious service on Sunday. In this country, the soldiers marched to church on the first Sunday of their residence here. What happened? They attended a service and went back to their base. On arriving on the second Sunday, the priest met them outside and said that black soldiers were not welcome at the service as they frightened the very delicate white congregation. They were soldiers in uniform and did nothing except be present. The soldiers had to wait outside until the service was over before they could go back to their base. They were turned away from the house of the Lord.

Another occurrence took place during my time in this House. It was the custom that a Church of England priest attached to the abbey would serve Parliament. When a black woman priest was chosen by Mr Speaker, Parliament and the abbey split. A white priest was chosen for the abbey and the black priest, thanks to Mr Speaker, kept her role as the priest here. I shall not bore the House with the excuses that were made when we challenged that.

Similar occurrences have happened through time on UK soil. Now they occur in more subtle ways. People from the Caribbean did not wait outside churches; they founded their own churches and, despite subtle attempts to stop them, they flourished. Our public institutions would do well to consider the type of institutional racism that goes on. There is never a lack of a congregation in black-run churches. The black community, when allowed, has always contributed greatly to the faith institutions of our country, but just as being equal in the eyes of the Lord did not stop black soldiers being turned away from a church on a cold winter's day all those years ago, being equal in the eyes of the law does not allow black churches to do this. They now have different ways, but they still do not appreciate their black worshippers. Mostly, they are locked out of the highest ranks in our public institutions in the modern era. In law, great steps have been made in the long march towards true equality, many of which Members of this House witnessed and even contributed to, but even now within the walls and mindsets of public institutions progress has been stifled by complacency and a lack of attention to equality. The Prime Minister said that we must let hard-working people get on. There are no more hard-working people than the black community. Most of them will boast that they have never had a day off work. I am sure I do not need to tell the House of the black community's great—when it is allowed—contribution to the country when the country needed it most.

If we are not represented as leaders and role models, the epidemic of underrepresentation in every sector of our society is depriving the whole nation of the talent of black and other ethnic groups contributing in a real and meaningful way.

7.20 pm

Baroness Barker (LD): My Lords, I thank the noble Baroness, Lady Berridge, for this opportunity to talk about a project that I think signals a way forward for our whole society. When the history of the HIV/AIDS epidemic comes to be written, faith organisations will appear both in the credit column and the debit one. Across the world it is a great shame that some faith organisations have prevented people from seeking treatment and prevention. Equally, across the world there are millions of people who would not be cared for were it not for faith-based organisations.

The noble Baroness, Lady Berridge, said quite rightly that 13% of the United Kingdom population is from black, Asian and minority-ethnic communities but those same populations make up 47% of people diagnosed with HIV in the United Kingdom. Black, Asian and minority-ethnic faith-based organisations have a unique opportunity to get to those communities and work with them. However, there are a number of different barriers, not least the stigma and some of the teachings of some of those churches about the modes of transmission, such as sexual behaviour and intravenous drug use.

The NAZ black and minority-ethnic HIV/AIDS project has a wonderful programme, a very small one, called Testing Faith. This has worked with community leaders to find out what some of the main barriers are: denial that HIV infects communities of faith, lack of knowledge about the epidemiology, lack of knowledge about HIV and sexual health prevention interventions, and lack of knowledge about the benefits of HIV treatment. NAZ has put together a small two-day training programme for faith leaders to build their capacity to work with their communities. It has three objectives: first, to enable the leaders to draw up sexual health plans for their communities; secondly, to enable them to deliver point-of-care HIV testing and counselling within their communities for the people for whom it is right; and thirdly, to allow the leaders to refer people to GUM clinics.

The programme worked with a significant number of leaders from Christian faith groups and leaders from the Muslim community. The majority of people who went through the complete training were from the Christian communities, but there were some from the Muslim communities too and they deserve enormous credit for that. NAZ found that those community leaders needed help in understanding some of the basic information about the way things work and about how to raise the issue within their communities in ways that were appropriate. They managed to do that and as a result throughout 2014 there were 770 testing sessions. These are particularly important among black and minority-ethnic communities which, by comparison, present late and at a much more advanced state of the illness and consequently have far worse health outcomes. The work was concentrated around London, where the majority of these faith communities are, and in their particular boroughs, but they also managed to get out into other parts of the country. I am not quite sure of the exact outcome of the 770 tests because a number of individuals went to clinics and therefore their testing was anonymous.

It has been a very interesting project. It has had a profound effect on people from those communities who are HIV positive. It has also had a profound effect on some of the faith leaders themselves. It is a very

[Baroness Barker]
good programme, saving the National Health Service money. One might expect that it gets funding from the NHS. It does not. It works with faith communities, so one might expect that it gets funding from faith communities. It does not. It is kept going by the Elton John AIDS Foundation.

This is one of those areas in which our mainstream institutions fail to understand the very real battles that people from minority communities, particularly minority communities of faith, have to contend with. They are, in health terms, communities that are much more vulnerable to risk than the rest of us. It would be excellent if, as a result of this debate, some appreciation and not least some funding could go towards the NAZ project and this particularly effective programme.

7.25 pm

The Lord Bishop of Southwark: My Lords, I am grateful to the noble Baroness, Lady Berridge, for securing this debate, as it enables us rightly to recognise the vast contribution made by Britain's ethnic minorities both in public service and in faith communities. It was good to hear the noble Baroness speak of south London. In view of the time constraints I wish to make a brief observation and a broader comment.

In my own diocese of Southwark, comprising most of the south London boroughs, there has been considerable numerical growth in our ethnic-minority population over many years. In the diocese of Southwark this means up to 25% of worshipping Anglicans are from such communities and I rejoice in the diversity this brings to our churches, a growing number of which are now black-majority. This is something of which we are rightly proud and it is good to see a growing confidence in people from our minority-ethnic communities, which contributes much to church growth. I also note that many of our inner urban churches also provide hospitality to Pentecostal black-led churches. However, there is much to do to further encourage those in ethnic-minority communities to take a place in leadership and governance roles. Indeed, I have recently instigated a review of the diocese's work in this area, which is leading to a fresh vision of ensuring that those in our churches find their way into leadership and ordained roles. At a national level the Church of England's Committee for Minority Ethnic Anglican Concerns is working hard to encourage and foster black and Asian minority-ethnic vocations, as well as developing senior leadership in the church.

What consistently strikes me and humbles me about the contribution of our ethnic-minority communities in the life of the church is that the faithfulness exhibited in worship follows through into the way lives are lived and service offered elsewhere. Indeed, many such worshippers also find their way into working in the public sector and our public institutions—often in healthcare of one form or another, or local government. This is a vocational response and a living out of faith. Certainly in south London, our minority-ethnic communities are increasingly the backbone of our NHS and public services. We need to pay attention to this–to recognise fully this contribution and the sobering reality of where we all would be without it. The ongoing public discourse about immigration—which is rarely conducted in a fitting manner—must pay attention to this fact. Indeed we should think long and hard before we endorse immigration policies that will only put the cohesion of our public services at risk.

Our ethnic-minority communities have a valued and valuable place in our religious and public life. Both churches and public institutions continue to have much to learn but importantly, given the journey we have been on in recent years, something to teach about building communities that celebrate their diversity and are at ease with themselves. Such communities are something we should all strive for.

7.29 pm

Lord Suri (Con): My Lords, it is a pleasure to speak on the contribution of ethnic minorities to public life and faith communities in the UK, about which I might be said to have a little experience. However, before I proceed further, it is worth taking note of the detailed research showing the spread of BME communities that was mentioned by my noble friend Lady Berridge.

This country has a long history of ethnic minority immigration. From the influx of Russian Jews in 1914 to the acceptance of Ugandan Asian immigrants expelled by Idi Amin, this country has accepted ethnic minorities from all over the world, especially those, like me, from the Commonwealth nations. Such ethnic minorities have contributed hugely to Britain's public institutions. Of course, the foremost public institution in the land—or perhaps the second most important—is the other place. It is heartening to see a 65% increase in the representation of black and minority-ethnic Members in the other place. It is a valuable step, which puts it far closer to achieving parity with society as a whole.

I have been deeply involved with public institutions. Since coming to this country in 1974, I have felt that a greater diversity of people in public institutions was needed to put them in step with modern society. By serving as a justice of the peace in Ealing and Acton magistrates' courts and, before that, participating in the neighbourhood watch scheme, I feel I have played my part in contributions to public life.

It is deeply important that we encourage more ethnic minorities into public institutions. The British Asian Conservative Link, which I helped to found in 1997, has had great success in encouraging more British Asians to enter politics and engage with the political system here. To be effective in upholding citizens' interests, public institutions must resemble the population that they represent.

Other than the obvious point of making sure our institutions represent the people they serve, there is a further benefit to having more ethnic minorities in our public institutions. A wider range of viewpoints and opinions reduces the risk of groupthink in policymaking and the risk of a herd mentality that allows poorly planned decisions to be rushed through without proper scrutiny. Bearing this in mind, it is no surprise that one of this country's most economically important trades, the financial services market, is also one of the most ethnically diverse, with more than 30% of workers being black or minority ethnic. Minorities often specialise in particular fields, such as medicine. The NHS is an

incredible organisation. The work it does is world-class, and extremely impressive up close. Twenty-six per cent of its staff are from ethnic minorities, which is more than a quarter and a full 12 points clear of the overall percentage of minorities. These people do a stellar job in keeping us safe, and it is right to pay tribute to them here.

The other point of discussion we have before us is the contribution of ethnic minorities to faith communities. Ethnic minorities have brought a rich diversity to the religious make-up of the UK, bringing new traditions and religions. I am a Sikh, and I am proud to have contributed to the building of the first gurdwara—Sikh temple—in Ealing. It offers a number of community services, including religious worship, learning and social activities. There are at least 300 gurdwaras in Britain. They are charitable establishments, run by minimal or no government funding, funded rather by donations from the community. The other religions brought to this country by ethnic minorities include Hinduism, Buddhism and Islam, among others. Participation by ethnic minorities in these religions and others increases the cohesiveness of society, as it binds citizens together by what could be called common sympathies.

This country has one of the most diverse and tolerant societies in the world. That is a force for good and this resolve is strengthened by the contribution of ethnic minorities to public institutions and faith communities here.

7.35 pm

Baroness Flather (CB): My Lords, I, too, thank the noble Baroness, Lady Berridge, for introducing this debate. It has many aspects; I do not know if I can cover all of them, but I will try my best to cover those that are on my mind.

I was very pleased that the noble Baroness, Lady Howells, mentioned the fact that blacks were not welcomed in churches in this country when they first came. I am so old that I remember that year, and many other things that happened in this country; for example, how people had signs that said, "No blacks, Irish or dogs", or whatever. It is amazing that we have wiped that out of our minds now, and in a way that is a good thing. We have moved forward. All my time before I came to your Lordships' House was spent in race relations, and I saw the changes coming and saw new generations that were able to see themselves more as British than earlier ones had.

Having said that, we need to look at certain issues. One is that we must treat all people the same. We say that we do, but we do not. If they are white, we treat them one way, good or bad. If they are not white, we do not treat them the same way, good or bad. That is one of the things about grooming. There are so many scandals about the grooming of young girls up and down the country. We have turned a blind eye to that, because we think, "We don't want anybody to criticise us or say that we're racist". Why should we not be racist about issues that deserve to be rooted out? We must not accept anything from anybody which is not acceptable under any circumstances.

I know I am probably talking about Muslims, but we now have this business of sharia marriages. The noble Baroness, Lady Berridge, mentioned the position of women. It is appalling that the man can get a divorce by just asking for it, while a woman may have to wait years, and may still not get it. She can get a British divorce, but not a sharia divorce. Noble Lords may ask, "Why does that matter?", and I asked that of those women. They replied, "It means that we can't go to Pakistan". If they go there, the husband can come and take the children away, no matter what age they are. In any case, the husband can take the children from a sharia marriage when they are seven. All marriages should be automatically registered in this country. It is not fair to the women that some British women—they are British women when they come here—are treated in a different and unacceptable way from others.

I will bring one other thing to the attention of noble Lords. There are a lot of first-cousin marriages in certain communities, particularly among Pakistanis who come from the Pakistani Kashmir area. We know so much about DNA now, but there is so much disability among the children, which is absolutely appalling. You go to any such family and there will be four or five children, at least one or two of whom will have some disability. That is absolutely unacceptable, and if we cannot do anything about it, is it fair to the children? Never mind the parents—it is not fair to the children that they should be allowed to become disabled because of a social practice. It is a social practice which does not belong in today's age, when we know so much about DNA. There should at least be some rule which says that you must have a DNA examination before your marriage can be registered. The church allows first-cousin marriages, and it would be wonderful if it decided that they will not take place unless the couple's DNA history is produced.

There are issues which we need to look at. We have heard from the noble Lord, Lord Suri, about the Sikhs. What they do is wonderful. You can go to any Sikh temple at any time and you will be fed. That is a wonderful thing. It is very inclusive: men and women both go. Women do not go to the mosque; only men go to the mosque. If you go to the Hare Krishna temple in Watford, you see lines of people at lunchtime. Not only do they take food for themselves; they bring banks to take food for the whole family. So, very good things are being done in the name of religion, but certain things are unacceptable and against the ethos of this country. We should not be lily-livered and say, "No, no, no, they are not white, so we will not say anything". We must say something. We have to stop the business of halal meat. Anyone who saw the sheep being killed on television would never eat halal meat. It is just not, and should not be, acceptable. We have worked so hard to improve the position of women, and to do what we can for animals. Why should we allow anybody who comes to this country voluntarily to do that? It is not right.

Lord Sheikh (Con): Before the noble Baroness sits down, where does she get the information that women are not allowed in mosques?

Baroness Flather: I am happy to have a debate with the noble Lord, Lord Sheikh. Women do not pray in mosques.

7.41 pm

Lord Popat (Con): My Lords, I congratulate my noble friend Lady Berridge on securing this important and timely debate.

Britain is a beacon of light for millions of people around the globe. People come here—and many more want to—because our country upholds values that appeal to people of every race, creed and faith. Britain is a free and fair country. We have the rule of law, stability and democracy. We are a tolerant nation where religious freedom is valued and discrimination outlawed. We are a nation of opportunities: if you are willing to work hard and take opportunities, nobody will stand in your way.

My favourite speech to make when I am invited to events is centred around that list: what Britain means to us, how it has given those of us fortunate to move here so many opportunities. It is perhaps a reminder that the reverse of this Question for Short Debate—what contribution the United Kingdom has made to Britain's ethnic minorities—is something we should also remember. Indeed, as someone who arrived here as a refugee and who feels that he owes this country more than can ever be repaid, I feel that it is particularly important that we acknowledge that there is another side of this debate.

At a time when immigration, identity and faith are never far from our minds, it is vital that we state clearly that this is not a one-way street: that the values of this country have allowed Britain's ethnic minorities and many faith communities to prosper. Those who abuse our values and tolerance, such as the individuals who have travelled to Syria in support of murderous terrorists, should lose their rights in this nation. British citizenship is a privilege that comes with responsibilities, ones that the overwhelming majority of minorities in this country take very seriously. I ask the Minister to encourage the Home Secretary to go further than the powers afforded to her office through the Immigration Act 2014 and ensure that those individuals have their citizenship revoked. It is incumbent on all of us who love this nation to express its rich history and encourage the continued upholding of its values. That way, our national identity will continue to thrive.

My faith is an integral part of who I am. I am particularly proud that, at my urging, the Hindu Forum adopted the slogan, "Proud to be British and proud to be Hindu", a few years ago. I felt that that was a strong statement of our modern identity: our faith is important, but is secondary to the place we call home.

My faith and my patriotism are mutually beneficial. The only time I have ever experienced a conflict was during consideration in your Lordships' House last year of an amendment adding caste discrimination to a list of discriminatory factors under the Equality Act 2010. This was a hugely unpopular move in the British Hindu community. Caste is an outdated notion that has been left behind by the vast majority of our community. It was a rare moment in this House when division was favoured over unity.

I have also been privileged to have been involved in a number of interfaith organisations. This work has allowed me to appreciate the commonalities our faiths have. The increasing role that so many faith communities play in caring for the elderly, the sick and the disadvantaged is as inspirational as it is essential. The most pleasing element of that interfaith work has been the realisation that we all share a passion for British values. When researching this debate, I was drawn, as I so often am, to the words of the noble Lord, Lord Sacks. During his brilliant speech in September 2011, he suggested that,

"all Britain's faith communities should be invited to make a voluntary covenant with Britain articulating our responsibilities to others and to the nation as a whole, so that we can be true to our faith while being a blessing to others regardless of theirs".—[*Official Report*, 8/9/2011; col. 476.]

The idea has stayed with me since I first heard it. It is simple and yet profoundly important. I very much encourage our faith communities and the Government to work together on such a covenant: it would be a tremendous statement about modern Britain.

The greatest contribution that Britain's ethnic minorities and faith communities have made and can make is embracing the values that have helped this nation to prosper for centuries. We all have to play a role in upholding the values that made the country so appealing to us in the first place.

7.47 pm

Lord Touhig (Lab): My Lords, this is a timely debate, because it provides us with the opportunity to put on record the immense contribution that ethnic minorities make to faith communities and to our society more widely. In a climate where public attitudes towards migration and even asylum are often distorted by misinformation or negative stereotypes, it is more important than ever that we acknowledge the extent to which ethnic minorities enrich this country.

I shall focus my comments on the Catholic community, which is one of the most ethnically diverse faith groups. Given that more than one quarter of Britain's 5 million Catholics are from minority ethnic backgrounds, it is hardly surprising that they play such a prominent role in the church's education and social action work. Many noble Lords will be aware that the Catholic Church is responsible for 10% of schools throughout England and Wales, educating more than 800,000 pupils at any one time. Those schools play a particularly significant role in serving the most deprived areas, while consistently outperforming national standards in both Ofsted inspections and examination results. Perhaps less well known is that almost one in five teachers in Catholic schools is from an ethnic minority background, a higher than average proportion across the education sector as a whole.

Catholic schools also have a long and positive record of supporting the integration of new migrant populations into local communities. Similarly, ethnic minorities play a prominent role in the country's many Catholic charities. Every year, hundreds of thousands of people are helped by food banks, shelters, children's centres, advice centres or youth projects linked to the church. Often, the staff and volunteers belong to minority communities and in many cases are first-generation migrants or refugees. The Cardinal Hume Centre, not far from this House, which I know well having worked in the charity shop and in the programme

teaching people to read, provides support to homeless young people and families in poverty. It is a fantastic demonstration of the difference ethnic minority volunteers and staff can make to the lives of those in need. For example, over half the volunteers in the centre's assessment team are from ethnic minorities. Their understanding of the cultural and social needs of different client groups greatly enhances their work providing advice or support to 100 new people every month. The wider range of languages in which services can now be offered has proved especially valuable. A Spanish volunteer is now able to support clients from the Latin American community, and a newly recruited Arabic-speaking volunteer is currently helping the centre's work with increased numbers of clients from countries like Syria.

It is worth giving a specific mention to the church's work tackling the abhorrent practice of modern slavery. Through the Bakhita initiative—named after a Christian saint who was herself trafficked—the church is delivering education and training. It is raising public awareness, providing supported accommodation for victims, and assisting those who wish to return home voluntarily. An international alliance has been established under the leadership of Sir Bernard Hogan-Howe and Cardinal Vincent Nichols to co-ordinate efforts between the church and law enforcement agencies on prevention, pastoral care and reintegration. All this work is considerably enhanced by the involvement of minority communities and ethnic chaplaincies, which are often at the forefront of identifying, supporting and rehabilitating victims.

The church's annual migrant Mass takes place across the river at St. George's Cathedral in Southwark on the feast of St. Joseph the worker, 1 May. It marks the significant contribution of migrant and minority workers in our businesses and public services. It is fitting that the church's own work providing high quality education and caring for the most vulnerable in our society is also made possible by the contribution of ethnic minority communities. I hope that the Minister will have the opportunity to acknowledge this when she responds.

7.51 pm

Lord Sheikh: My Lords, I recently spoke in your Lordships' House on issues currently facing British Muslim communities following Her Majesty's most gracious Speech. I briefly touched on the positive contributions made by Muslims in the United Kingdom. I shall expand on this. I am chairman of four companies. I am also the president of the Conservative Muslim Forum and have been involved extensively in both community and charitable work. My thoughts reflect my own experiences and findings.

My glorious religion has been hijacked by a tiny minority who are totally distorting the image of Islam and understanding of Islam. Unfortunately, as a result the entire Muslim community is in some circles tarred with the same brush. There are over 3 million Muslims in the United Kingdom and they have contributed significantly in all walks of life. We are currently commemorating the centenary of the First World War. Over 400,000 Muslims fought in the war. The first Victoria Cross awarded to a non-white person went to a Muslim named Khudadad Khan. I invited his grandson to an event that I hosted recently. Muslims also took part in the Second World War. This includes members of my own family. Muslims have therefore been actively involved in loyally serving the King and the Empire.

I am the joint treasurer of the All-Party Parliamentary Group for the Armed Forces and very close to the Armed Forces Muslim Association. Muslims are represented in all three services of our Armed Forces. They have held and continue to hold senior positions, and include one rear-admiral, two group captains and a lieutenant-colonel.

I am co-chairman of the All-Party Parliamentary Group on Islamic Finance and Diversity in Financial Markets and a patron of the Islamic Finance Council UK. The United Kingdom has the biggest centre for Islamic finance outside the Muslim world. The UK's Sharia-compliant assets exceed £20 billion. The Islamic finance industry therefore generates considerable revenue for the country and provides employment. It also gives us a high standing in the enormous and growing market for Islamic finance across the world.

I am co-president of the British Curry Catering Industry All-Party Parliamentary Group and a vice-chairman of the All-Party Parliamentary Group on Bangladesh. There are over 12,000 British Bangladeshi restaurants and takeaway places in the United Kingdom. This curry industry, owned mainly by Muslims, employs over 100,000 people and has an annual turnover of nearly £5 billion.

There have been great Muslim dynasties, notably the Umayyad and the Abbasid. Muslims at that time led the world in various fields, including mathematics, science, astronomy and medical knowledge. These attributes are in the DNA of Muslims. There are now a significant number of Muslim doctors who work in the United Kingdom and make a valuable contribution to the health and well-being of the country. Also, many Muslims are successful bankers and accountants. My own brother qualified as a chartered accountant and was very successful in his field. Muslims have also done well on the sports field. There are a number who have excelled, including Mo Farah in athletics, Moeen Ali in cricket and Amir Khan in boxing. We also have successful Muslim media figures, such as Mishal Husain, Asad Ahmad and Mehdi Hasan.

When I became a Member of your Lordships' House, I took the title of Baron Sheikh, of Cornhill in the City of London, because of my strong connections with the City. I have met many Muslim entrepreneurs who have created thriving businesses. They have generated income for the country, provided employment and furthered our trade. There is also wider Muslim representation in both your Lordships' House and in the other place. There has recently been a fresh intake following the general election.

Some 33% of Muslims are aged 15 years or under. This youthful population is a strategic asset at a time of an ageing population and will be economically active in the future labour market. Encouragingly, 73% of Muslims here state that their only national identity is British. I hope and believe that the Muslim community will continue to play a significant part in our country's future.

[LORD SHEIKH]

The speech made by the noble Baroness, Lady Flather, was in some parts unfair and irrelevant, and will not help community cohesion in this country.

7.57 pm

Baroness Hollins (CB): My Lords, there is hardly a major religious community in the UK that does not embrace some kind of ethnic or racial diversity in its heart, and there are no ethnic minorities that have not given us one or all of doctors or academics, entrepreneurs or councillors, lawyers or soldiers, diplomats, nurses or volunteers. I want here to celebrate their contribution to health and social care, to comment on the diversity and contribution of the Catholic community and to bring to the House's attention a new awards scheme for young people in faith communities with which I am associated.

The NHS is in many ways the most British of institutions, but it is also one of the most diverse and global institutions rooted in British soil. In 2004, Mary Seacole was voted the greatest black Briton for her work in caring for soldiers during the Crimean War. Less recognised were the Irish Sisters who joined Florence Nightingale's team as nurses, so enabling another pioneer of British healthcare to take her first groundbreaking steps. The noble Lord, Lord Suri, referred to the high proportion of NHS staff from ethnic minorities. I would add that in one recent survey 11% of all NHS staff were recorded as being nationals of a country other than Britain. The British Medical Association, of which I am a past president, believes that without that distinctive contribution, especially from Commonwealth countries, the health service would struggle. So in its origins and in its present reality, our healthcare system is one part of our national life into which minority communities have been truly welcomed and in which they have thrived and contributed out of all proportion to their number in our wider society.

The British Catholic community has had to explore and manage the interface between ethnicity and religious belonging in communities across the country perhaps more than most. Grounded in mass Irish immigration, the community's numbers rose in the 19th and 20th centuries. The history of our great cities and social reform movements cannot be written without recognising its huge contribution to social welfare and city leadership.

These new Irish arrivals often built schools before churches and founded charities to relieve need, irrespective of their recipients' religious background. Many of today's charities, described by the noble Lord, Lord Touhig, are fruits of that tradition. There is hardly a department of state that is not working in some way, every day, with an institution or charity of the Catholic community. Today, that community is even more diverse, including the Filipino nurses gathered at Mass while resting from their service in the NHS, and the busy Polish congregations which act as mini labour exchanges for those seeking work.

In many parts of the UK, it is a mainstream experience to find local Catholic churches whose origins and ethnicities include those of over 80 nationalities. In Southampton, the church launched a groundbreaking welcome project for migrants, co-funded by the local authority and widely respected as an adviser to other agencies across the central south, and there are many other examples.

Last week, in Leicester Square, I had the honour of hosting the first ever national Celebrating Young People awards, which recognise the contribution of young people associated with our Catholic communities, from all faiths and none. I was delighted that Cardinal Nichols was able to join us to recognise and reward the overall winner with the Pope Francis award. The awards, created by the charity Million Minutes, had invited nominations and applications from across the country of young people who have contributed to building up their local communities. From hundreds of applications, the category winners were as diverse as our nation. They included a young woman in remission from leukaemia from Leicester who had become a campaigner for bone marrow donors, a psychiatric nurse from south Wales volunteering with young people at risk, and a pioneer of anti-homophobic bullying education. I was especially pleased that among the winners were those of south Asian and African heritage and those from a variety of religious traditions other than Christianity. Welcoming the young people to tea here in the House before the ceremony, one could only admire the young Muslim students who were fasting for Ramadan on the hottest day in decades. Their work to build common community bonds, one in a Catholic school, the other at Exeter University, was even more admirable.

In the coming year, these awards will be launched on a bigger scale thanks to a strategic partnership between St Mary's University in Twickenham and Million Minutes made possible by the Higher Education Funding Council for England's innovation fund. I am sure that the organisers would welcome interest and support from the Minister and her officials at the DCLG. Our hope is that together we can develop a shared civic life in which all—especially the most vulnerable among us—may flourish. Young people, such as those recognised by the Celebrating Young People awards, must be at the core of that task.

8.02 pm

Baroness Eaton (Con): My Lords, I am delighted that my noble friend Lady Berridge has secured this debate today on such an interesting and important topic. As many of us will have observed on the doorsteps while we were involved in the recent general election, the issue of immigration creates many reactions, not always positive. I feel that my life has been greatly enhanced by coming from a major metropolitan district that can truly be described as cosmopolitan. Bradford has welcomed immigrants from all over the world since the time of the Huguenots. The city experienced significant levels of immigration throughout the 19th and 20th centuries. As a very small schoolgirl, I remember looking with admiration at many of the older girls in my school with names that sounded very exotic. Many were from behind the Iron Curtain in what we called the captive nations including Latvia and Lithuania. My father explained to me the dreadful life and trouble that they had all gone through to come to this country—something that has always remained with me.

This debate is about contributions made by immigrants to both faith communities and public institutions. The Jewish community in Bradford has been an excellent example of an immigrant community that did precisely that. Jews started coming to Bradford in the 1830s to help build what was first a borough and then a city into the wool capital of the world. In 1850, more than £40 million-worth of textiles, which is an enormous amount in today's value, was exported by the Jewish merchants.

Among the early settlers, was Jacob Behrens, born in 1806, who came to Bradford in 1838. He was knighted in 1882 and said:

"Who would have thought it possible that now just fifty years after I stepped ashore on English soil at Hull, a foreigner and a Jew, I should be deemed worthy of the offer of a knighthood by the Queen's government?".

His firm, the Sir Jacob Behrens Group, still exists today. Jacob Behrens was the founder of the Bradford Chamber of Commerce along with Jacob Unna, born in 1800 in Hamburg, who came to Bradford in 1846, having previously lived in Manchester and Leeds. Unna was greatly involved in the life of Bradford, becoming a magistrate and deputy lieutenant of West Yorkshire. Among his descendants was the actress Dame Peggy Ashcroft.

Bradford became a borough in 1847. As early as 1863, Charles Joseph Semon, a German Jew born in Danzig and a textile merchant, became the first Jewish mayor of Bradford. He was followed by three Jewish mayors—Jacob Moser in 1910, David Black in 1958 and Olive Messer in 1984. Bradford Chamber of Commerce, Bradford College, Bradford Royal Infirmary and Bradford Central Library are just a few of the services that we use today that enjoyed the financial support and promotional ploys of Mr Moser and other Jewish philanthropists like him.

In the period when there were problems in Russia, lots of Jews came to Bradford between 1880 and 1910. One particular family, the Stroud family, built a large textile manufacturing company with a Christian friend, Wynne Riley. He and Oswald Stroud had met as serving soldiers together in the First World War. During the Second World War, many of the young soldiers from Bradford came from the Jewish community.

The subject of immigration, as I said, is often sensitive and people sometimes feel threatened by those with lifestyles and languages unknown to them. If we are to live together in more harmonious communities, we need to work at it. Here I declare an interest as chairman of the charity Near Neighbours. Near Neighbours is all about bringing people together who are near neighbours in communities that are religiously and ethnically diverse, so that they get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community. Near Neighbours has two key objectives—social interaction to develop positive relationships in multifaith areas, and social action to encourage people of different faiths and of no faith to come together for initiatives that improve their local neighbourhoods.

Many neighbourhoods in the United Kingdom have a number of different faith and ethnic communities living close to each other. Some of these communities rarely interact with one another and instead live parallel but separate lives. Such separation can lead to misunderstanding and a lack of trust or respect for each other. These are often areas of deprivation with people living there sharing common concerns for a better community, but despite this shared concern they do not come together to talk or act as much as they should. Near Neighbours brings people together, breaking down misunderstanding and developing trust to help change communities for the better. I am pleased to say that many immigrants from different faith groups through Near Neighbours now join together. Bradford continues to welcome immigrants from all over the world. Through the work of Near Neighbours, recently the Muslim community has supported the upkeep of the last synagogue in Bradford. That is surely a demonstration from both immigrant communities that they make a valued contribution to both faith communities and public institutions.

8.09 pm

Lord Kennedy of Southwark (Lab): My Lords, I thank the noble Baroness, Lady Berridge, for tabling this Question for debate today. It gives the House the opportunity to debate the important and growing contribution made by Britain's ethnic minorities to faith communities and public institutions in the United Kingdom.

As the noble Baroness, Lady Berridge, said, approximately 8 million people, or 14% of the UK population, belong to an ethnic minority. Most of these communities live in urban areas but I was surprised to learn that half of them live in three cities in the UK, namely Greater London, Greater Birmingham and Greater Manchester. The noble Baroness is right: Leicester is already a majority ethnic minority city. It is also true that, for the BME community as a whole, faith plays an important part in the lives of a considerably greater proportion than it does for the white population of this country. Faith groups and local authorities show one of the very fruitful ways that faith communities and public institutions work together. The contributions made by faith groups to their local communities are varied—from working as street pastors to running food banks, providing debt advice or credit unions and caring for elderly and young people.

Ensuring good community relations or helping to improve community relations is one of the many ways in which ethnic minorities working with and in faith groups have been able to improve situations locally. Although there has always been room for improvement in the interaction between faith communities and local authorities, there appears to be no evidence that faith groups that look to provide caring services seek to do so only wholly within or exclusively for their own community. To improve the situation further, work needs to be undertaken jointly to get over these concerns and to build greater understanding and trust so that there is confidence on the ground. In particular, where it is proposed that services be provided by faith groups, maybe they should work together and be encouraged so that different organisations work together to tackle problems that they all share as a community.

Considerably more work needs to be done to get ethnic minorities elected to public authorities or Parliament and appointed to public bodies through the appointments

[Lord Kennedy of Southwark]
process, although recently politicians have been elected and appointments made from ethnic minorities in far greater numbers. That is welcome.

We must never forget the contribution, referred to by the noble Lord, Lord Sheikh, of the service men and women from the Commonwealth. They came and fought and died for this country over many years in numerous conflicts. I hope that, while we are commemorating the First World War over the next few years, we ensure that the sacrifice of people from the Commonwealth is properly recognised in those commemorations.

It is always a pleasure to speak in a debate with the right reverend Prelate the Bishop of Southwark. I agree with his contribution today, particularly on getting members of ethnic minorities into leadership roles in the church. As the right reverend Prelate said, one area of public service that has had a much greater proportion of people from ethnic minorities working in it is the National Health Service. The NHS staff census showed that 41% of hospital and community doctors are from ethnic minorities, along with 20% of all qualified nursing, midwifery and health visiting staff. The NHS is a wonderful institution and we have reason to be thankful for the care it provides for us all. We would all want not to be without it. However, without the contribution from the ethnic minority population, it would be unable to cope with the pressures every day in hospitals and other NHS institutions. The noble Baroness, Lady Barker, made very important points regarding HIV and sexual health plans. Those are things that need to be addressed.

My noble friend Lord Touhig spoke about the contribution of Catholic education. As someone who was a beneficiary of that system, attending St Joseph's Camberwell and St Thomas the Apostle secondary school in Peckham, I very much agree with his comments. I also agree with the noble Baroness, Lady Hollins, about the contribution of the Irish community and the Catholic community to this country.

In conclusion, I hope I can say to the right reverend Prelate that maybe a future debate will include all the Southwarks in the current House, representing every Bench. I again thank the noble Baroness, Lady Berridge, for tabling the Question for today. She should be very encouraged by the response. I think we could have gone on for at least another hour if we had had more time.

8.13 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, I add to the comments from other noble Lords thanking my noble friend Lady Berridge for securing this debate. Like the noble Lord, Lord Kennedy, I think we could have gone on for at least another hour and brought so many things into it.

It is a particularly poignant day to discuss this issue because we remembered today in Westminster Abbey the anniversary of the atrocities in Srebrenica in Bosnia. This atrocity, against predominantly Muslim Bosnians, is a reminder that hate should not be tolerated in any of its ugly guises. That event was all the more shocking for the speed at which it gathered pace and the horrors that unfolded because of it. The UK is leading the way in commemorating this atrocity with a series of events across the country including the service today. I am very pleased that today the Prime Minister also announced a further £1.2 million of funding for the Remembering Srebrenica charity.

Britain is multiethnic and it is multifaith. According to the 2011 census, some 12% of the population of the UK identify as belonging to an ethnic minority. Members of the UK's ethnic minority communities, including the many different communities of African, Caribbean and Asian descent, have made an enormous contribution to the UK's social, economic and cultural life, including to our public institutions. They have also made an enormous contribution to our faith communities, and the Government recognise this.

Faith is a powerful force motivating millions of people to do good in their local communities. Faith communities play a valuable role in British society. They provide hope and encouragement to their adherents, they strengthen local communities and they contribute to the well-being of their neighbours. At this point I pay tribute to the work that my noble friend Lady Eaton does in the Near Neighbours project. I visited a Near Neighbours project and was very impressed by the positive contribution it makes, not only across faiths but across ages and different communities and the benefit that it brings to those communities.

Many faith groups are the heartbeat of communities up and down the country, providing comfort to those who feel isolated, responding in times of trouble to relieve hardship and building communities of trust so that people respect each other. At this point I applaud the generosity and social-minded spirit of our Dharmic faith communities. The temples and the Gurdwaras across the country regularly throw open their doors to offer meals to those in need. I also welcome the commitment among many Christian groups to social action. This includes the black majority churches that do excellent work providing welfare services for the elderly and for ex-offenders. I am sure that the whole House looks forward to welcoming the first female Lords Spiritual in the autumn. I also commend the work of the Church of England's Committee for Minority Ethnic Anglican Concerns on the subject of diversity in church leadership and I warmly welcome the words of the right reverend Prelate the Bishop of Southwark this evening.

A few noble Lords talked on the subject of Muslim marriage and a Muslim marriage working group, co-ordinated by the Ministry of Justice, has been looking at how best to promote awareness of religious-only marriages and the benefit of having a marriage that is legally contracted. The Government are looking at ways of communicating this benefit to those Muslim women who might be unaware of their rights under English civil and family law. Both my noble friend Lady Berridge, and the noble Baroness, Lady Flather, talked about the lack of mosques registered for marriage and the mention of a Law Commission marriage project. There are 263 mosques and other buildings where Muslim faith is practised which are registered for the solemnisation

of marriages. The Law Commission is currently undertaking a preliminary scoping study to prepare the way for potential future reform of the law concerning marriage ceremonies and the commission is due to report by December.

The noble Baroness, Lady Flather also mentioned churches allowing first-cousin marriages and the resultant problems that can arise. I will just put it on the record that it is, in fact, against British law and against canon law to marry your first cousin.

Baroness Flather: I thought that it was the church which said you could marry first cousins and therefore it is in the law. These are first-cousin marriages on a large scale.

Baroness Williams of Trafford: My Lords, I can confirm that first-cousin marriages are against the law in this country and the church does not condone them—not any church that I know of, anyway.

Several noble Lords talked about public body appointments. BME police officers currently make up 5.2% of police officers nationally and 11% in the Metropolitan Police area. The police have worked hard to improve equality and diversity since the Stephen Lawrence inquiry. More women and members of ethnic minorities have joined the service. But we are clear that there is more for forces to do. Our reforms will allow for faster progress on equality and diversity. Police and crime commissioners and the College of Policing will play a key role in ensuring improvements in police forces. New entry routes to policing, such as Direct Entry, Fast Track and Police Now are proving attractive and are increasing the diversity of the police workforce.

A couple of noble Lords talked about the National Health Service, particularly the noble Baroness, Lady Hollins, and the contribution that faith communities have made to it. NHS England and the NHS Equality and Diversity Council have overseen work to support employees from black and ethnic minority backgrounds in having equal access to career opportunities and receiving fair treatment in the workplace. The move follows recent reports that have highlighted disparities in the number of BME people in senior leadership positions across the NHS, as well as lower levels of well-being among the BME population.

A couple of noble Lords mentioned the contribution to the Armed Forces by the BME community. My noble friend Lord Sheikh and another noble Lord who I shall be reminded of shortly talked about how the first Victoria Cross to be awarded to a non-white was to a Muslim. We recognised VC recipients from across the Commonwealth back in March but I take this opportunity to pay tribute to the work that they did in fighting for this country.

Turning to individual points that noble Lords have made, the noble Baroness, Lady Barker, talked about the slightly contradictory role of faith—we come across this all the time—on one hand, helping; on the other hand, perhaps not helping so much. She talked about the NAZ project: how the faith communities have worked hand in glove with the HIV positive community and the very positive contribution they have made there.

The noble Baroness, Lady Flather, talked about how we have come such a long way. She talked about the sign that one would see on B&Bs many years ago—not in my lifetime, but in my parents' lifetime—"No blacks, no Irish, no dogs". If that was still in place today, neither she nor I could get into a bed and breakfast and we probably would not be in your Lordships' House. That might be a good thing in my case but it certainly shows how much society has changed.

My noble friend Lord Popat talked about the freedom, the tolerance and the opportunities that this country has given him. It is always a joy to listen to him and hear just how proud he is to live in this country as a British citizen. He talked about the contribution of Britain's ethnic minorities to business, and I could not agree more.

The noble Baronesses, Lady Barker and Lady Flather, talked about strengthening faith institutions, including the response to child grooming claims. My department is considering applications for a strengthening faith institutions funding programme. The funding will be used to develop training materials and provide practical support to new and emerging faith institutions. This support will include safeguarding, best practice and signposting to important social and health services.

I pay tribute to the work that my noble friend Lord Sheikh does in promoting not only cohesion in this country but a number of other aspects of integration in society. He talked—very sensibly, I think—about the actions of the few not tainting the many among our faith communities. I think that is so true. He also paid tribute to the contributions of Muslims in both business and sport—Amir Khan and Mo Farah, among others—and the representation that we have now in both Houses of what is, in the Muslim community, a very young population. He is absolutely right about that. I wish him and other noble Lords a peaceful Ramadan and encourage everyone to visit their local mosque and share in the breaking of the fast as part of the Big Iftar. It is a very enjoyable event.

The noble Lord, Lord Touhig, and the noble Baroness, Lady Hollins, talked about the education standards that Catholic schools provide and the great community role that they inarguably play. It is good to know where the Catholics are in this House—including the noble Lord, Lord Kennedy. I wondered how many Catholics were in this House when I arrived and it is good to identify them as time goes on. The noble Lord, Lord Touhig, talked about the Cardinal Hume centre, which I would like to visit with him one day if I may.

My noble friend Lord Popat talked about the faith covenant. I note that idea. The Government welcome the contribution of Britain's faith communities united in our shared appreciation for British values.

The noble Baroness, Lady Hollins, asked about government support for the Million Minutes charity. I welcome the work that she referred to and would be very happy to meet with her.

Finally, my noble friend Lady Eaton talked about the contribution of the Jewish community, not just in the country but particularly in the metropolitan areas of the north. I very much enjoyed listening to her talking about the arrival of the Jewish people in the

[Baroness Williams of Trafford]
19th century, the Jewish merchants, Jacob Behrens and his knighthood, and their contribution to philanthropy —the sums she mentioned were incredible in those days. She also mentioned the soldiers in the First World War; she is the Member of your Lordships' House to whom I was referring earlier.

My Lords, I have gone over time which is not good. I thank again all noble Lords who have taken part in this debate. In terms of the ethnic diversity of this country, it is not where we are from, it is where we are going.

House adjourned at 8.27 pm.

Grand Committee

Monday, 6 July 2015.

Charities (Protection and Social Investment) Bill [HL]

Committee (4th Day)

3.30 pm

Relevant documents: 1st Report from the Delegated Powers Committee, 2nd Report from the Constitution Committee.

The Deputy Chairman of Committees (Lord Haskel) (Lab): My Lords, if there is a Division in the Chamber while we are sitting, this Committee will adjourn as soon as the Division Bells are rung and resume after 10 minutes.

Clause 13: Power to make social investments

Amendment 20B

Moved by ***Lord Watson of Invergowrie***

20B: Clause 13, page 17, line 23, leave out "from time to time"

Lord Watson of Invergowrie (Lab): My Lords, Amendments 20B and 22ZA are complementary and seek simply to bring some rigour to the duty of charity trustees to review their charity's social investments. Amendment 21, in the names of the noble Baroness, Lady Barker, and the noble Lord, Lord Wallace of Saltaire, seek to broaden that to cover all investments, and we see no reason why that should not be supported.

The term "from time to time" seems, and I have to say sounds, oddly vague wording to form part of legislation. After all, what does it mean? I suspect that, if you asked 100 people for their understanding of the term, you would almost certainly receive not far short of 100 different answers. Finding a definition to fit those four words would be comparable to attempting to answer the conundrum, "How long is a piece of string?". Throughout the consideration of this Bill, there have been numerous occasions where noble Lords have sought to introduce greater clarity to its wording. I could not find any other line of this Bill where greater clarity is more necessary, and I believe that the wording must be changed.

To a significant extent, charities will enter uncharted territory when this Bill becomes law and they gain the new power to make social investments. Some will adopt and adapt quickly, and others less so, but it will be essential that all of them keep a close eye on how their social investments are progressing and how they are influencing the work of the charity, not least alongside their traditional investments. For that to happen, at least initially the social investments should surely be maintained under constant review, until they settle down and become an accepted and established part of the charity's wider activities.

We believe that charities should be as open and transparent as possible about their investments—and not just social investments—and how these investments further the purposes of the charity. There is at least a possibility that the general public could be concerned about their donations being used for social investment, particularly if they are not clear just what social investment is and what it involves or, indeed, where the investment might go in terms of the companies involved. It is important that such concerns are acknowledged and are met with a willingness on the part of charities to be fully open as to what they are doing in terms of social investments. Those donating have a right to be certain that they are not giving their money, however indirectly, to companies that undertake activities of which they may disapprove and may not wish to support.

Also, there would be a double benefit here, we believe, because it is surely the case that the social investment market itself would benefit from greater information being made publicly available as charities begin to delve into it. That is what informs the first provision in Amendment 22ZA, together with an assessment of how the investments further the charity's purposes. It is difficult, I suggest, to envisage an argument against the amendment, although I suspect that the Minister will have been provided with one by those sitting behind him.

Finally, we believe that the term "from time to time" should be replaced with a requirement to publish charities' reviews of their social investments after the first three years of this Bill becoming law. I have already referred to the uncharted territories in which all charities that choose to make use of social investment provisions will be sailing. For that reason, we believe that it will require an early assessment to identify any difficulties, how these were resolved and what lessons have been learnt. Publication of these reviews will enable charities then to benefit from each other's experiences. Thereafter, we believe that reviews at five-yearly intervals would be quite appropriate. I beg to move.

Baroness Barker (LD): My Lords, it may be useful if I speak to Amendments 21 and 22. Like the noble Lord, Lord Watson of Invergowrie, we are seeking to make the concept of social investment clear in legislation. Part of the aim of doing so is to make sure that social investment policies sit alongside the overall investment policies of a charity and are treated in much the same way.

Our first amendment, Amendment 21, seeks to delete "social" in subsection (3) of new Section 292C. This is one of those cases where a deletion is meant to lead to more inclusivity, so in fact we are suggesting that all a charity's investments should be the subject of a periodic review. Amendment 22 seeks to ensure that trustees are under an explicit duty to make their investment policy available publicly to their donors and beneficiaries.

One of the big challenges of social investment is that, by its very nature, most of the time it is unlikely to bring about significant financial return. For example, if a charity invests in a business to be carried out by its beneficiaries—for example, former prisoners and so on—any such business is unlikely to turn a profit in the first few years of its existence. Therefore, it is doubly important that charities are able to do double accounting—that is, they have to be able to explain to the public what has happened to the financial return

[Baroness Barker]
and also how they have calculated the social return or the return in terms of the benefits to them in furthering their charitable objects.

I happen to be of the school that says that there ought to be a greater degree of transparency overall regarding charity investments. Sometimes in our sector, charities can be somewhat fearful of being attacked for the sorts of investments they have to make in order to obtain a financial return. With the development of social investment, there is a need for charities to up their game across the board, and therefore such transparency would be helpful.

I also agree with some of the points made by the noble Lord, Lord Watson of Invergowrie. The term "from time to time" is probably a well-understood legal phrase: it is something that should happen but it is difficult to put an exact timeframe on it. Some investments will take place over a long time, and therefore an accounting period of three years would not make sense for charities. Equally, the point made by the noble Lord, Lord Watson, that they must be reviewed stands. Therefore I, too, shall be interested to hear the Minister's reply, and I hope that between us we can flesh this out to make it just a bit clearer.

Baroness Pitkeathley (Lab): My Lords, I support all these amendments because they encourage trustees to focus more attention on the progress of social investments and to review them regularly. I, too, think that "from time to time" is a bit vague, although I understand that it has a legal meaning.

There are two reasons why I support the amendments. The first is that I think they will make the position of trustees and their responsibilities clearer. Social investment is a fairly new concept and trustees on the whole are not very familiar with it. We are trying to encourage them to be more so, and I believe that these amendments would help in that. The second reason—and here I declare an interest as chair of the Big Society Trust—is that I agree with the noble Baroness, Lady Barker, that the financial return on these social investments is often not realised for some time, although the social return may be obvious at an earlier stage. To some extent, charities and trustees are learning as they go in this area, so any further guidance or direction we can give them would be of benefit.

The Parliamentary Secretary, Cabinet Office (Lord Bridges of Headley) (Con): My Lords, I thank noble Lords for tabling these amendments, which raise interesting points, and I hope that I will be forgiven for going into a little detail on our thinking around them.

Once again, I think we agree on the need for transparency and accountability. It is important to ensure that charities take the opportunity to review all their actions from time to time with the intention of ascertaining how effective those actions have been. This should apply to their grant-making activities no less than their financial investments. It is also desirable for charities to be suitably transparent in reporting. Public-facing organisations should aim to explain how they operate, and I share your Lordships' wish to encourage as much openness and information sharing as is practicable.

However, while I support these intentions, we must be careful not to overburden charities by mandating the collection and publication of information to an extent that could distract from their core activities. This must be the case in particular for the large number of charities that are small and may not have the requisite capacity or capability—the "little platoons" I referred to on Second Reading. Charity trustees have overall responsibility for the investment of their charity's funds. They must make the strategic decisions about how to use a charity's assets to achieve its aims.

In relation to financial investments, charity trustees are already under a legal duty to keep their investment portfolio under regular review. Those reviews must cover how their investments are performing, and if an investment manager is used, the service provided by that investment manager. Trustees should also monitor and review their internal arrangements for managing the charity's investments. In terms of the regularity of the review, the trustees may decide to hold reviews at specific intervals or they may decide to hold a review in response to a specific event, for example if there was evidence of inadequate performance of an investment or if there was a sudden change in the economic outlook. This seems appropriate and allows charities to respond flexibly to circumstances rather than impose a rigid timetable.

The phrase "from time to time" is indeed understood among the legal profession and is explained in case law. The commission's guidance on investments covers what it means. Given the existing requirements to review financial investments regularly, it would be beyond the scope of this Bill to impose duties to review social investments on the far wider range and greater number of investments in the general sense. Furthermore, in addition to requirements to review investments, there are also a number of disclosure requirements in relation to financial reporting by charities. Any charity with a gross income greater than £25,000 must submit its audited or independently examined accounts to the Charity Commission on an annual basis.

In addition, there is the charities SORP—a nice word—contained in *Accounting and Reporting by Charities: Statement of Recommended Practice*, which, as I am sure noble Lords know well, sets out the recommended practice for the purpose of preparing the trustees' annual report and for preparing the accounts. The recommendations of SORP supplement accounting standards, thereby providing an even stronger basis for reporting. The statement of recommended practice deals expressly with the reporting of social investments. As social investments are different from financial investments, the reporting criteria should not and cannot be equated; they should instead be tailored.

While I am extremely keen to see charities taking greater steps towards impact assessment, thereby enabling them to think about their total impact in the round, imposing specific new rules via statute would seem too blunt an approach and potentially a highly burdensome one. It would seem to place a greater requirement for assessing the impact of social investments than currently exists for grants, spending or financial investments. This might have the unintended consequence of making

charities less likely to make use of social investment—the opposite of what we are trying to achieve, particularly at this early stage of market development.

3.45 pm

I reiterate that I am strongly in favour of charities taking stock of their activities and doing so in a regular and systematic way, taking account of factors both internal and external as appropriate. For charities, as for ourselves, regular reflection on objectives and the means of achieving them can lead only to improvement. As entities that exist for the public benefit, charities more than most must be clear and transparent about their objectives, activities and achievements. I am pleased that we already have an accounting and reporting regime that requires transparency and enables the public easily to check on a charity's annual report as well as the health of the finances in its accounts.

I thank noble Lords for raising these important points, but I hope that I have persuaded them that the appropriate review and reporting measures already exist, and that the noble Lord will be content to withdraw his amendment in the light of such considerations.

Lord Watson of Invergowrie: My Lords, I thank the Minister for that response. I welcome the fact that he joined the noble Baroness, Lady Barker, and my noble friend Lady Pitkeathley in supporting the need for that.

It is important that charities are as open and transparent as possible. There have been examples of this involving charities: one within the remit of the Charities Commission—after a "Panorama" investigation when some of Comic Relief's investments were revealed, it was somewhat embarrassed and rowed back from them—and one outside the Charity Commission's remit. As noble Lords may remember, when it was discovered that the Church of England was investing in Wonga, that was pretty hastily stepped back from. At this stage we do not know what other charities may or may not have in their investment portfolios, and I think that that is to be regretted. People giving money to charities have a right to know not just that the money is going to the charity's stated purposes but how the money that they give could be used for investment, whether for social investments or traditional investments.

For that reason, I find it hard to take on board the Minister's comment that we do not want to overburden charities; of course we do not, but we want things to be done properly. We are going into an area where charities have not previously been, and social investments are going to take some time to become widely accepted. During that period, charities being as open as possible and saying exactly whom they were investing in would help with the public identification of social investments as an aspect of charity life that they were comfortable with when making their investments. So I do not find it a convincing argument on the Minister's part that the burden placed on charities would be a reason for not accepting these amendments.

On the question of "from time to time", I was not quick enough on my feet and the Minister had moved on to something else before I could ask him about it. The phrase "from time to time" may be a legal term, but I still do not know what it means. How long should the Charity Commission wait before it says to a charity, "It's now been five, 10 or even 15 years and you've never yet reviewed your social investment"? There has to be some cut-off point, whether that be decided by the size of the charity, the field in which it is involved or whatever. Surely charities have to have some idea and it cannot just be a case of saying, "Well, this has been a bit of a quiet year, so let's just put out a review"—or, even worse, "We've had a busy year, so let's not put out a review", which would perhaps be open to misinterpretation.

So there is a looseness to this part of the Bill that I do not think the charities themselves will particularly welcome. Nevertheless, I have heard what the Minister has said. There are issues here that we could return to on Report, but for the moment I beg leave to withdraw the amendment.

Amendment 20B withdrawn.

Amendments 21 to 22ZA not moved.

Amendment 22A

Moved by ***Lord Hodgson of Astley Abbotts***

22A: Clause 13, page 17, line 38, at end insert—

"292D Marketing of social investments

(1) Any financial promotion which is communicated by a charity shall not be subject to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

(2) The Treasury may by regulations set out rules for the communication of financial promotions by charities.

(3) In making any such regulations, the Treasury shall have regard to—

(a) the desirability of creating rules which are proportionate to the nature, scale and capacity of different charities and which are easy to understand and follow;

(b) the desirability of creating rules which support the growth, development and financing of charities and which are enabling and facilitative;

(c) the desirability of facilitating, where appropriate, direct investment on the part of consumers into charities, including charities which operate locally to the consumer;

(d) the desirability of consistency of approach in the regulatory treatment of communications made by different forms of charities;

(e) the differing expectations that consumers may have in relation to different kinds of investment or other transaction and, in particular, the fact that many when investing in charities do so for a variety of non-financial reasons; and

(f) the desirability, where appropriate, of the Financial Conduct Authority exercising its functions in a way that recognises differences in the nature of, and objectives of, charities as compared to other organisations which are subject to the requirements of the Financial Services and Markets Act 2000."

Lord Hodgson of Astley Abbotts (Con): My Lords, in our meeting last week, following on from the group headed by Amendment 16, which was moved by the noble Baroness, Lady Barker, we discussed the challenges of facilitating social investment by charities and the implications for trustees; indeed, that issue came up in the debate that we have just had. We went through the intricacies of programme-related investment and mixed-motive or, in my words, mixed-purpose investment. As I said then, I felt that my noble friend did not give us

[Lord Hodgson of Astley Abbotts]
an entirely satisfactory answer. However, I am grateful for his agreement to have a meeting, if necessary. I also know that he has managed to fix up a meeting to let the lawyers argue it out—a mere mortal probably cannot contribute much to that debate.

This amendment is designed to move the discussion forward to a parallel, but important, development of a social investment market involving new people from among the public. I am sorry that the noble Lord, Lord Cromwell, is not here, as I am sure that he would be horrified by this. So far, we have been dealing only with committees, trustees or people who are well caught up in the charity world. What we must try to do is to find people who are interested in supporting charities but are not yet committed to doing so. As I said last week, and say again now, it must be counterintuitive to enable people only to give money but not invest it. However small the chances may be of getting your money back, no matter how meagre the rewards may be, it must be better, and people must be more likely to give money, if they have a chance of seeing a return on it.

After we finished our debate last Tuesday, by a happy coincidence I received a 61-page booklet, *Developing A Global Financial Centre for Social Impact Investment*, which contained some interesting research carried out by the City of London. I will not read out the 61 pages, but the booklet's conclusion states:

"A number of major financial centres, largely national capitals, have been at the forefront of driving change so far, with London pre-eminent among them. Our research suggests that London has certain features that it must address—not least in relation to ensuring a supportive regulatory environment, accreditation, enabling greater retail investment, developing its skills base and technical assistance models—if it is to be a global financial centre for social impact investment".

I wish to focus on enabling retail investment—one of the proposals that the City of London document suggests is important and which Amendment 22A addresses. What stands in the way of developing a wider retail base? It is essentially the financial promotion regime. The document further states:

"The Financial Promotion Regime is particularly relevant to the UK social investment market. Though 90% of lending to this market was in the form of secured loans in 2011/12, social enterprises are increasingly in need of unsecured debt capital. Projections by Boston Consulting Group suggest that by 2015, demand for investment into the market will reach £750m, 58% of which will be in the form of unsecured debt and 15% in equity-like capital. The role of the retail investor in helping to provide this capital is as yet untapped, although there is survey evidence of an appetite among retail investors to make social investments. The creation of a Social Investment Tax Relief ('SITR'), as announced in the 2014 Budget, is also designed to encourage a wider individual social investor base in the UK".

So all appears set fair, but what then are the problems? One of them is, of course, that the total amount being invested by investors is small. The document continues:

"The Financial Promotion Regime does not distinguish between large investments and small investments. Where small investments are being made"—

individually—

"the risk of loss will be less but this is not acknowledged. In the social investment market, most investments are likely to be relatively small in size. The total amount being raised as part of the offer is small: social enterprises typically seek to raise",

sums,

"of less than £100k. Ordinary retail investors therefore provide a good 'match' for social investments in terms of the size of the investment opportunities available. However, the Financial Promotion Regime treats all investment raises beneath €5m in the same way and does not make it any easier for social enterprises to raise small amounts of money".

Another issue is that the investor is investing with certain significant non-financial goals. Social investment may often be considered by investors as an alternative to philanthropic donations, as I have just explained. Although the Financial Services Act recognises that investors may invest with non-financial goals, the financial promotion regime does not yet expressly recognise this possibility. There are no exemptions or any lighter-touch regulatory requirements where investors are investing primarily with non-financial goals or with significant non-financial goals in mind, such as the desire to support the cause being furthered by a social enterprise. Finally, does the investor live locally in the community of the investee seeking the investment?

Those are some of the difficulties that are currently being faced. So what is the answer? We have gone a certain distance of the way, because the Financial Conduct Authority recognises an experienced investor. That is to say that, if someone has a certain knowledge and a certain amount of wealth, they do not have to go through all the hoops that one does if one wishes to offer it to the man on the street. That is quite right. We should be trying to promote a social investor—a social investor who has a different approach. That is what my amendment seeks to do.

This is a permissive amendment. The Treasury may, by regulations, set out rules. They must be proportionate and easy to understand and follow and they must be enabling and facilitative. They must also take particular regard of charities that operate locally to the consumer, the desirability of consistency of approach, the difference of expectation and, last but not least, the desirability where appropriate of the Financial Conduct Authority exercising its functions in a way that recognises differences in the nature and objectives of charities as compared to other organisations that are subject to the requirements of the Financial Services and Markets Act 2000. Regulators are always risk-averse; they are always terrified that they are going to end up with egg on their face. Therefore, if we do not find a way to make them understand that this is different, we will have a very long, difficult uphill road. I say to my noble friend—and, in his absence, to the noble Lord, Lord Cromwell, given what he has said before—that this is not a better or worse investor regulatory regime; it is a different one. It is trying to deal with different sorts of situations.

There is a final anomaly, which the Committee should be aware of. There is a loophole in the financial promotion regulations for industrial and provident societies such as co-ops and community benefit societies. Provided that they are offering non-transferable debt instruments or non-transferable shares, the financial promotions regime does not apply, only the general law—that is the point made by my noble friend Lord Borwick at Second Reading. Non-transferrable means illiquid; it means that, once bought, the purchaser is stuck with it for ever. Both the noble Lord, Lord Cromwell, and, I think, the noble Lord, Lord Watson

of Invergowrie, expressed concerns in our earlier debate about general social investment for charities having unquantifiable risks and the need for diversification and liquidity. This is a real challenge. If we do not rebalance the regulatory regime to put social investment generally on the same footing, the investment market will gradually tilt itself towards IPSs, co-ops and community benefit societies. I have nothing against that form of organisation—I am sure that they do a very worthy job—but this does restrict the growth of a wider social investment market.

To conclude, I am sure that my noble friend will say—my X-ray eyes can see what is on his notes—that this is one for the Treasury. That is fair enough, but in 2012 a number of us in Committee bashed away at the passing of the Financial Services Act. His colleague on the Front Bench, the then Treasury Minister, the noble Lord, Lord Sassoon, said that this was very interesting but one for the Charity Commission. We are never quite in the right place at the right time. To be fair, I recognise the increased specialist attention being given by the FCA, but we need another incremental step forward to help the growth of retail investment and this amendment will provide it. I beg to move.

4 pm

Baroness Barker: My Lords, my noble friend Lady Kramer was one of that small band of people banging away during the passage of the Financial Services Bill, and if she were here, she would be very strongly in favour of this. She is one of the very few people in your Lordships' House who has had the experience of running a bank in her time, in the United States, and makes the simple point that it is wrong that individual people can only give grants or money to a social entity in their community and cannot invest in it. That is because of the restrictions that apply to soliciting such investments. It is perfectly possible, as the noble Lord, Lord Hodgson of Astley Abbotts, set out in such detail, to make a distinction between a strict financial investment, which has to have with it all the safeguards which the noble Lord, Lord Cromwell, set out for us so clearly last week, and a social investment. If the Government were willing to stop throwing this proposal around like a hot potato between departments and move on with it, it could bring about not only a new source of investment for small charities but, at the same time, an increase in the skills level of small organisations to build business cases. That is something the charitable sector has not traditionally been good at but which it will need to be increasingly able to do in future. There is a lot to commend in this proposal.

Lord Watson of Invergowrie: My Lords, this amendment would enable charities to market social investments to individual investors but exempt charities from the restrictions of the financial promotions regime. It would provide rules for the development of a regulatory regime for marketing by charities and allow the Treasury to set out rules for the communication of financial promotions by charities through regulations, if it chose to do so.

From our point of view, three of those sound quite reasonable, but I have to ask the noble Lord, Lord Hodgson, whether an exemption from the Financial Services and Markets Act 2000 and the 2005 order means less protection for consumers—by which of course I mean investors. Would the new rules specifically for social investments come into force at the same time as social investments were no longer required to meet the demands of the 2000 Act? In my view, the noble Lord, Lord Hodgson, did not spell out in sufficient detail why exemption from the Act is necessary. We believe there are potential difficulties in freeing up charities from those laws.

Lord Hodgson of Astley Abbotts: It is perfectly possible, although it is exceptionally expensive, to have a financial promotion involving an authorised offer of shares because it goes to everybody. Such an offer has to deal with people who are quite unsophisticated and therefore it must be done carefully: the process is lengthy and expensive, and hundreds of thousands of pounds have to be spent in preparing a prospectus that is fit for the general public. That is quite right and entirely appropriate—I am not complaining about that.

What we have here is people who might be interested in making a social investment and who would understand—I am sure the Treasury rules and regulations would make this clear—that the primary purpose was not to have a financial return and that they should act accordingly. This is designed to enable social companies such as charities to raise relatively small sums of money without the commensurately high costs that would be required if you were offering the promotion to the general public. This would be a new category of investor, and if the noble Lord were to ask whether that was better or worse, I would answer that it is different—not better or worse. This would be designed, or purpose made, for this particular area.

Lord Watson of Invergowrie: I thank the noble Lord for that clarification. However, again, are we to constrain the development of social investments on the grounds of cost? Obviously there is no maximum or upper limit as to what a charity will or will not be able to afford when trying to pursue the provisions of the Bill in relation to social investment, and that is part of the problem. I certainly do not want to see that restrained at all; I would like to see all charities, even smaller ones, feel that they can enter this field with confidence. I think that is what all noble Lords present in this debate would want to see.

However, we have some fears. It would not require too great a leap of the imagination to arrive at a situation where, for example, a charity working for older people might devise a product that offered attractive-sounding investment opportunities to the elderly, showing how they would do great good for the cause even if the return was not quite what other products might have produced. That could be fraught with potential pitfalls that could make telephone cold calling, which noble Lords will recall we discussed in Committee last week, seem quite innocuous, and I would want to make sure that such difficulties did not arise. It might also be possible for cold calling to be used to market those bonds or whatever the products on sale were to be termed. I do not want to overdramatise such possible scenarios, but

[Lord Watson of Invergowrie]
we have to be aware that they could arise. Certainly in the early days of social investment for charities, it will not all be plain sailing.

I want to ask the noble Lord why the amendment states that the Treasury "may" set out rules for the communication of financial promotions by charities. Again, that seems a little loose. If it is thought that such rules are necessary, I would have thought that "may" should have been replaced by "must". It might be thought that the need for such rules would be paramount at the start, when the whole area of social investment is introduced, with many charities being less than absolutely clear about what is required of them.

Lord Hodgson of Astley Abbotts: By some alchemy of draftsmanship, "may" equals "shall" in drafting legislation. Do not ask me how it comes about, but they mean the same. We have had this discussion many times in these Committees. "May" and "shall" are the same word for a parliamentary draftsman.

Lord Watson of Invergowrie: Alchemy, the noble Lord says. I am not a chemist, but that still seems rather opaque to me.

To return to the rules, it may not be necessary for them to be compulsory further down the line, but if there are to be such rules, they should apply right from the start and to everybody if we want to ensure that social investment takes off smoothly. Further, how might any rules proposed by the Treasury be consulted on? It is an important aspect whether the sector would have an opportunity to feed in and have its views given appropriate weight.

We are largely in agreement with the amendment proposed by the noble Lord. Some of the clarification that he has provided is helpful. I look forward to the Minister's response.

Lord Bridges of Headley: My Lords, I pay tribute to my noble friend Lord Hodgson for his determination, if not doggedness, on this issue and in seeing it being addressed. I should pay tribute also to his excellent eyesight for being able to read my brief and especially my handwriting, which is a first.

Before I go into the detail, let me take a step back and put this debate in a little context. We recognise that, increasingly, the public are looking to invest their money socially in a range of social investment sector organisations, including charities. This is a growing area of activity alongside areas that we are already familiar with, such as donations to charities, which of course remain significant.

In particular, we know that there is an increase in the number of members of the public making small, direct investments in charities and social enterprises. Specifically, we know that there has been an increase both in the value of investment offers—the market was worth £249 million in 2014, up 78% from 2013—and in the number of participants. More than 15,000 individuals invested in co-operatives, to which my noble friend referred, and community benefit societies in 2014—up 33% from 2013—so this is a growing market.

Such investments might take the form of shares in community enterprises, such as the more than 3,000 people who recently bought shares in Hastings Pier Charity, or they may take the form of bonds in charities. As my noble friend alludes to in his amendment, we know that for such investors the decision to make an investment in the charity or the social enterprise is often motivated by factors other than, or in addition to, the prospect of financial returns.

A recent study found that doing social or environmental good was an important factor in deciding to invest for 90% of investors in community shares, such as those in the Hastings pier project. I understand, however, that the effect of the financial promotion regime is an increasingly important issue for charities and social enterprises looking to raise funds from the public in this particular way. These financial promotion rules, which are designed to protect consumers, apply to many of these deals. Where they do not apply there are emerging voluntary regimes, such as the community shares mark, which was launched last week.

I understand that the aim of today's amendment is prompted by concerns around the appropriateness of these rules for charities which want to raise investment funds from members of the public, just as they might ask for donations. These concerns indeed reflect reports from the social investment sector that issues around inconsistent treatment for the different types of social enterprises under these rules lead to disproportionate costs and unnecessary complexity. I also understand, as my noble friend said, that this is not the first time that these issues have been raised.

I want to assure noble Lords that the Government are indeed aware of these issues and, in response to interventions from your Lordships during the passage of the Financial Services Bill, the Government made very valuable changes to ensure that the FCA had the proper incentives to take into account the differing needs of different types of organisations that it regulates, including those of charities and social enterprises. Since then, the Government and the FCA have been working with the sector to consider evidence about the effectiveness of the regime, particularly in light of the report *Marketing Social Investments—An Outline of the UK Financial Promotion Regime*, which was published by the Social Investment Research Council last year. These discussions between the sector and the Treasury are live and ongoing, but I believe—indeed I am told—that real progress is being made in understanding the challenges faced by charities and social enterprises.

I also think that it is important that the issue of changes to the scope and substance of regulation raised today should be considered as part of those discussions between industry representatives, the FCA and the Treasury. I have, therefore, written to the Treasury to make it aware of the issues that have been raised to ensure that they are given full consideration. I will be meeting my right honourable friend the Economic Secretary to the Treasury to discuss them.

I am sorry to say that this is one of those issues that is a large hot potato—as the noble Baroness, Lady Barker, said—that sits both in the lap of the Cabinet Office and in the Treasury, but I am grasping my end of it with both hands and trying to ensure that action

is taken. It is, of course, in all our interests that any regulation is proportionate, consistent and clear. Protection of consumers must be paramount, as the noble Lord, Lord Watson, said—a point with which I entirely agree. We also need to be careful that investors understand what they are investing in, as the noble Lord said, and that the reputation of the growing social investment market is protected. That is why the Treasury is engaging with key stakeholders and interested parties on these issues.

In addition to looking at suggestions, including in this amendment and what has been said in the debate, the Treasury will explore whether there are other non-legislative ways of mitigating burdens or costs to social investment offerings. Obviously there will need to be consultation on this point if further action needs to be taken. I warmly welcome my noble friend's input to the Treasury on these points and, as I said, I am meeting my right honourable friend the Economic Secretary to the Treasury to discuss them. I invite my noble friend to withdraw his amendment.

Lord Hodgson of Astley Abbotts: I am grateful to my noble friend. Of course, I recognise that there has been progress. As I said earlier, the FCA has begun to move—the tectonic plates have begun to shift. I absolutely accept the strictures of the noble Lord, Lord Watson, about the need to protect consumers. I am sorry that I got so excited that I jumped up to interrupt him twice, for which I apologise. He is right that what we do not want to happen is too much weight being put on this new idea too early, where there is a scandal and it is all set back because obviously things that go wrong get more publicity than things that go right. I accept that.

I am grateful to my noble friend. I am happy to withdraw the amendment for the time being. I hope that we can perhaps have some further news from the Treasury side of the hot potato—do hot potatoes have sides?—or the other end of the hot potato before Report. This is an interesting issue and, to be honest and being candid with the Committee, it is only at times like this that we are able to push matters over the line. This is the moment. Once the Bill is gone the next opportunity to do this will be some way away. It would be a pity not to find something that we can coalesce around to make sure that the joint objectives that we have of a new social investment regime, proper consumer protection and a different type of regulation can be achieved. In the mean time I beg leave to withdraw the amendment.

Amendment 22A withdrawn.

Clause 13 agreed.

4.15 pm

Amendment 22B

Moved by ***Lord Hodgson of Astley Abbotts***

22B: After Clause 13, insert the following new Clause—

"Appeals and applications to Charity Appeal Tribunal

(1) The Charities Act 2011 is amended as follows.

(2) For section 319 (appeals: general) substitute—

"319 Appeals: general

(1) Except in the case of a reviewable matter (see section 322) an appeal may be brought to the Tribunal against any decision, order or direction made by the Commission or any decision on the part of the Commission not to make any decision, order or direction.

(2) Such an appeal may be brought by the following—

(a) the Attorney General;

(b) the charity trustees of the charity subject to the relevant decision, order or direction;

(c) (if a body corporate) the charity subject to the relevant decision, order or direction;

(d) any other person who is the subject of the relevant decision, order or direction or who is significantly interested in and affected by the relevant decision, order or direction.

(3) The Commission is to be the respondent to such an appeal.

(4) In determining such an appeal the Tribunal—

(a) must consider afresh the legal decision, order, direction or decision not to act (as the case may be), and

(b) may take into account evidence which is not available to the Commission.

(5) The Tribunal may—

(a) dismiss the appeal; or

(b) if it allows the appeal, exercise any of the following powers—

(i) to quash (in whole or in part) the decision, order or direction and (if appropriate) remit the matter to the Commission;

(ii) to substitute for the decision, order or direction any other decision, order or direction which could have been made or given by the Commission;

(iii) to add to the decision, order or direction anything which could have been contained in a decision, order or direction of the Commission;

(iv) to give such direction to the Commission as it considers appropriate; and

(v) where appropriate, to make any decision, order or direction which the Commission could have made."

(3) For section 321(2) substitute—

"(2) Such an application may be brought by—

(a) the Attorney General;

(b) the charity trustees of the charity subject to the relevant reviewable matter;

(c) (if a body corporate) the charity subject to the relevant reviewable matter; or

(d) any other person who is the subject of the relevant reviewable matter or who is significantly interested in and affected by the relevant reviewable matter."

(4) For section 323 (remission of matters to Commission) substitute—

"323 Remission of matters to Commission

The reference in section 319(5)(b)(i) to "remit the matter to the Commission" means the power to remit the matter—

(a) generally, or

(b) for determination in accordance with a finding made or direction given by the Tribunal."

(5) Omit section 324 (power to amend provisions relating to appeals and applications to Tribunal).

(6) Omit Schedule 6 (appeals and applications to Tribunal)."

Lord Hodgson of Astley Abbotts: I am afraid that this is another of my long-standing quarrels. It is about the Charity Tribunal. Before the 2006 Act, the only appeal against the Charity Commission was to the High Court. That was expensive, slow and difficult to achieve. The then Labour Government, to their

[Lord Hodgson of Astley Abbotts]
credit, introduced the Charity Tribunal in the 2006 Act. The plan was that it would improve access to justice: it would be quick, low-cost, user-friendly and non-adversarial. There was a subsidiary aspect to that, which I am not sure that the designers of the 2006 Act quite recognised, which was about helping more charity law precedents to emerge. Much of what charities are guided by now is quite old and backward-looking—we have discussed the tin-rattling regulations covering cash collections, which date from 1916. Re Resch, the big case about public benefit—an issue that we shall come to later this afternoon—concerning a private Australian hospital in the grounds of a state one dates from the 1920s. We were hoping that the Charity Tribunal would act to help bring charity law forward into the 20th and 21st centuries but the early experiences were a bit disappointing. As is too often the case, everybody reached for their lawyers—as they are entitled to do. I was not present at the end of the independent schools case that came before the tribunal, but I am told that nine QCs were present, which must have cost a bit of money.

However, although it has been slow, there has been progress. There has been more determination on the papers, which means that the tribunal does not require people to attend. More litigants have been appearing in person, which I think is also a good thing. During my review, a lot of evidence was received about the operations of the tribunal and ways they could be improved.

Some of these issues are being addressed by the Law Commission in its current consultation—which I think will be the escape hatch that my noble friend uses in a minute or two—but the Committee might like to be aware of a couple of extraordinary features. In order to appeal against the Charity Commission, a charity has to go to the commission to ask its permission as to whether the use of its funds to make the application is charitable. That seems to be entirely perverse. There is an inherent conflict of interest if the Charity Commission is on one side, the charity is on the other and the charity has to ask, "Is it fair to use this to attack you?". That does not lead me to believe that there will be an even-handed decision. I hope that the Law Commission will move responsibility for this to the Charity Tribunal.

The second issue worth drawing to the Committee's attention is that the Charity Commission cannot apply to the tribunal without the permission of the Attorney-General. It seems to me extraordinary that the top regulator in this sector does not have that freedom of action. It must be a threat to its independence if it has to go to a law officer of the Crown in order to be able to get determination of a case. I hope very much that the Law Commission will decide that the Charity Commission is free to act, even if it must of course still inform the Attorney-General. That would be a good way of bringing the law up to date.

There remains a major impediment to the effective working of the tribunal which the Law Commission has decided it cannot address, and that is the tribunal's jurisdiction, which appears in Schedule 6 to the 2011 Act. There are 10 pages of it, with a series of headings about what the decision, direction or order is, who the applicants can be and what the tribunal's powers are in response to a decision. That table was seen by the vast majority of contributors to my review as overly complicated and narrowly drawn. Even specialist charity lawyers complained of difficulty in understanding it. The list of cases brought before the tribunal also shows a large number being struck out for being outside the tribunal's jurisdiction. That raises the question of whether its jurisdiction is sufficiently well defined to address the concerns people have about the commission's work. Of course, with any forum there will always be cases that fall outside its jurisdiction, but in combination with the wider concerns about Schedule 6, the number of rejected cases raises questions.

The Schedule 6 table is focused on a specific range of formal legal decisions made by the commission. In some cases, but crucially not all of them, this includes the decision not to exercise a power, and the decision not to open a statutory inquiry into a charity is a frequently cited omission. Many of the decisions referred to in the schedule relate to the exercise of legal powers that the commission, as part of its more refined and focused approach to regulation, is choosing to make less frequent use of. Concern has therefore also been expressed that as the commission moves towards this lighter-touch regulatory regime, even more of its work will fall outside the scope of the tribunal's jurisdiction.

Amendment 22B is designed to clarify the situation by providing a right of appeal against any legal decision of the Charity Commission and a right of review of any other decision by the commission. The new clause proposed in the amendment has two elements. The proposed changes to Section 319 of the 2011 Act deal with appeals and set out, very simply, who would be able to make the appeal: it can be any trustee or director of a charity or charitable company or,

"any other person who is the subject of the relevant decision",

or is "significantly interested in" or "affected by" it. It lays out the powers the tribunal would have in responding to these appeals. The proposed changes to Section 321 deal with reviews. Finally, subsection (6) of the proposed new clause would delete the dreaded Schedule 6, which I hope will foreshorten and cut out the regulatory regime. This is not a complex issue. Access to the Charity Tribunal is unnecessarily complicated, particularly for smaller charities, and the charity world will appreciate and benefit from simplification. I beg to move.

Lord Bridges of Headley: My Lords, it is excellent to address another of my noble friend Lord Hodgson's issues—I will not call it a bugbear. Obviously I am sympathetic to the aim of wanting to simplify the legislation because in many senses less is more. My noble friend advocated the approach taken in his amendment in his statutory report on the Charities Act 2006. I hope I will be forgiven for reminding noble Lords of the Government's response:

"In principle the Government supports the rationalisation of the appeal rights in Schedule 6 to the Charities Act 2011, provided it can be done in a way that does not … expose the Charity Commission to challenges where it decides not to intervene in a charity in keeping with its risk and proportionality framework (this is already capable of Judicial Review); or … create any significant new appeal rights that would add to the jurisdiction's case-load".

I believe that this was a sensible position to take. We must remember that the Charity Commission has limited resources. We would not want to expose the commission to challenges where it decides not to intervene in a charity in keeping with its risk and proportionality framework. As I have said, this is already capable of judicial review. Providing a right of appeal to the tribunal could result in an unmanageable workload of cases for the Charity Commission, diverting its resources to defending proceedings in the tribunal, many of which may be spurious or vexatious. Appeal rights in the event of the commission not making a particular decision would in effect enable others to direct the use of commission powers and resources, rather than it being left to the good sense of the commission to decide such matters for itself within the scope of its objectives, functions, processes and duties.

We consider that the balance is about right under Schedule 6 as it currently stands. There is a right of appeal against the opening of a statutory inquiry but no right of appeal if the commission decides, for whatever reason, not to open one. We do not want to overburden the tribunal with significant new rights of appeal that are likely to generate a large number of cases where none had previously existed.

I am not sure that everyone shares my noble friend Lord Hodgson's viewpoint on the difficulty of interpreting Schedule 6 to the Charities Act 2011. There are some who are attracted to the structure of Schedule 6 and find it easy to navigate. It allows one to look up a particular provision and quickly see who can appeal and what decisions are available to the tribunal. It is not something that has been raised with the Government as causing particular difficulty, other than by my noble friend.

Most of the Bill is about giving the Charity Commission the tools it needs to do its job, so I hope my noble friend will understand that, although I approve of his eye for simplification, I am very reluctant to consider anything that could divert its resources from its core functions. I hope that he will feel able to withdraw his amendment on that basis.

Lord Hodgson of Astley Abbotts: My Lords, I have not found many people who have said that Schedule 6 is easy to navigate. I did not get into too much of the detail but there is also the question of the timescales for making appeals. However, I can see that I am not going to make any progress with this.

I am disappointed that the Minister has fallen back on the issue of vexatious litigation. That suggests that the tribunal does not have the sense to strike out vexatious litigants by saying, "This isn't a case", and I do not find that that argument really holds water. What I think has happened is that small charities in particular are finding their legal position not as strong as it should be. I am sure that this will lead to additional casework for the Charity Commission but I do not mind about that: if the commission needs to be challenged, it needs to be challenged. If that happens unfairly then the Charity Tribunal will step in and say, "This is not a worthwhile case", and strike it out. I understand that it has done so with other cases in the past. Still, that is as far as we are going to get today, so I beg leave to withdraw the amendment.

Amendment 22B withdrawn.

Amendment 23 had been withdrawn from the Marshalled List.

Amendment 23A

Moved by ***Lord Moynihan***

23A: After Clause 13, insert the following new Clause—

"Independent schools' sports facilities: public benefit

In section 4 of the Charities Act 2011 (the public benefit requirement), after subsection (4) insert—

"(5) Independent schools which are charities must engage fully with local communities and state schools with a view to sharing sports facilities and coaching expertise.

(6) The Charity Commission must publish guidance setting out the minimum that independent schools which are charities must do to comply with the duty in subsection (5).""

Lord Moynihan (Con): My Lords, the amendment is in my name and that of my noble friend Lord Glentoran. The principles behind the amendment are reflected in the amendment with which it is coupled, standing in the name of the noble Lord, Lord Wallace of Saltaire, in the context of music, drama and the arts. I support that amendment as well, not least because best practice by independent schools involves both sport and the arts in terms of engaging with the local community.

I was delighted to hear the Minister state, in response to an earlier amendment, that the key issue with regard to the Bill is to give the Charity Commission the tools with which to do the job. That is precisely what we intend in tabling these amendments. The core reason behind them is that there is very good practice by many independent schools in terms of engaging on the use of sports facilities, exchange of coaches and engagement with pupils from the independent sector and the state sector in their catchment area to improve the opportunities for young people in the totality of the catchment area. The problem is that this is not consistently applied. There are pockets—islands—of good practice. The lack of consistency of good practice is the result of the current structure of support that we have in legislation to date. I shall address that in a little more detail.

I say that there are some good examples. I will not rehearse many of them, as I did at Second Reading, but I shall focus on some, not least because of the amendment in the name of the noble Lord, Lord Wallace of Saltaire. Tonbridge School, for example, engages with the local community not only through sporting activities but in music, drama, dance, chess, art and design. Indeed, it brings them all together in true Olympian fashion—the vast majority of the history of the Olympic Games has been about engaging both through the arts and sport. It is good to see a school such as Tonbridge engaging so actively, not just once a year but throughout the year, to ensure that primary-age children in particular benefit from the facilities which the independent sector has and which primary schools and many secondary schools in the area do not.

4.30 pm

There are outstanding examples of secondary schools with first-rate sports facilities, but the reality is that by comparison with the independent sector we have a

[LORD MOYNIHAN]

long way to go, particularly in the cities, before we provide the opportunities for young people that those fortunate enough to go to many independent schools with outstanding facilities enjoy. That is reflected, as I made clear at Second Reading, in the statistics regarding the success of the independent sector, which represents some 7% of children who are educated in this country. Team GB had more than 50% of its medallists in Beijing coming from 7% of the children of this country. Think of the talent out there that is not being identified and developed, despite the good work which has been done to date by the Charity Commission and by government. That is simply not enough, and this amendment seeks to take it one step further with all schools by embedding best practice through stronger regulation.

The British Olympic Association—I declare a former interest as being its chair from 2005 to 2012 in the run-up to London 2012—worked on this. I congratulate Jan Paterson on endorsing the work done at Tonbridge School both in the arts and in sport. On one occasion, some 1,000 primary school students came along to a major event and were provided with Team GB T-shirts and pins, with an Olympian on hand to present the prizes at the end of the day. Those are inspirational moments, but too much of London 2012 was about generating inspiration and not capturing that inspiration for long-term participation. That is the opportunity that we must still grasp. We have an outstanding success rate at the highest level of sport in this country. We must take that inspiration, not just in Olympic sports but across the board, to encourage young people actively to participate. This amendment can help in that direction.

Why is the current legislation insufficient? It goes back to the Charities Act 2011 and the present public benefit requirement. Section 4(2) states:

> "In determining whether the public benefit requirement is satisfied in relation to any purpose falling within section 3(1), it is not to be presumed that a purpose of a particular description is for the public benefit".

In the interpretation of that provision, there was a lack of clarity which led to misunderstandings. It led to the Charity Commission having a different view from that of many independent schools; it led to case law coming forward—two specific examples ended up in the courts; it has led to continued misunderstanding; and it has led, I regret to say, to recalcitrant independent schools going for the lowest common denominator by ignoring the sports or arts element in favour of another element in order to meet the public benefit requirement, while still having outstanding sports or arts facilities with which they are not engaging with the local community.

I am seeking today to take forward the debate that we started at Second Reading and to see whether there is a way whereby we can move further in the direction of embedding best practice in every independent school that has outstanding sports facilities. In my view, the decline in local authority spending on sport and leisure is due to a lack of statutory duty and funding, and that makes it more important than ever that we utilise other sports facilities—which lie idle during the summer holidays, for example—with local communities.

We need to get young people active. We have seen a fall in participation in sport since London 2012. At the one point in our lifetime when we would have expected to see a substantial rise in the percentage of the population engaging in sport and recreation, we have actually seen a decline. That, to me, is a tragic reflection of a lack of effective policy and it is something we need to remedy. It is one reason why I tend to rise to my feet on occasions such as this. We need to ensure that we have a sports legacy from London 2012 to match the remarkable urban regeneration legacy which has transformed the East End in a very short space of time.

The press, I am glad to say, have taken an active interest in this as well. Those of your Lordships who read the *Independent on Sunday* yesterday will have seen prominence given to the importance of encouraging private schools to share sports facilities with local communities. The new chief executive of the Sport and Recreation Alliance, Emma Boggis, has written:

> "I just wanted to add our support to the debate around private schools with charitable status sharing facilities with state schools and local communities. For many of our members having access to facilities is clearly important to help them deliver their participation targets and having a diverse range of options available is important particularly in an environment where the squeeze on local authority budgets does impact on",

local authority,

> "investment in facilities".

Again, she recognises that many schools are case studies in excellence in this context, but the current structure that we have in law, and the current structure with regard to the interpretation of public benefit and the Charity Commission's work, has meant that there is no consistency. It is "consistency" that is foremost in my mind in proposing the amendment before the Committee today.

I conclude by referring to the Independent Schools Council's work on this. An excellent report has shown that the vast majority of schools—in fact, nearly all of them—engage in some way with the local community through sport and recreation, either through hosting joint sporting events, inviting pupils to use the facilities of the school, inviting pupils to attend coaching sessions or seconding coaching staff. Hardly any of them second coaching staff—a maximum of 70 out of 1,073 who engage in sport in some way. Coaches are critical. They are absolutely key to the success of any initiative in sport. I would like to see consistency rather than a piecemeal approach. Very few do all but they should all do all if they are going to benefit from the public benefit status that they currently have.

I regret to say that the position is even worse in the arts. I am as strongly supportive of this initiative applying to the arts as I am of it applying to sport and recreation. Of the 1,073 schools in partnership with state schools, only 399 reach out to the local community through drama, and many of these schools have magnificent facilities, outstanding teachers and a real opportunity to engage. An independent school is not an island in a community; it is an inherent part of that community, and it is through the arts and sports and recreation that much more work can be done to engage with the local community.

I close by saying that I praise those schools where best practice is implemented. The current structure that we have in law and the current arrangement that we have with the Charity Commission creates a loophole through which those who do not wish to engage fully can move and still gain the benefits of charitable status. I want to close that loophole, explore with the Committee ways of doing so and potentially, as a result of the exchanges today, come back at a later stage with a proposal which has the support of the Government and, I hope, the support of the Labour Party, the Liberal Democrats and the Cross Benches. I know that the noble Baroness, Lady Grey-Thompson, is very supportive of the position that I have attempted to outline to the Committee today to take it forward at that stage. However, perhaps we will not need to get to that conclusion because, as I said at the outset, there is an opportunity here for the Minister to rise to his feet and give a very short answer, saying, "Thank you so much because you have given us the opportunity today to provide the commission with the tools with which to do its job". I beg to move.

Lord Wallace of Saltaire (LD): My Lords, I will follow the line of argument raised by the noble Lord, Lord Moynihan, which is that although we see islands of good practice within the charitable public schools community, we want consistency. Many public schools, as we all know, have origins as charitable institutions set up to provide facilities and education to their local communities. To some extent in recent years, links with their local communities have weakened; their facilities, however, have been transformed.

I fell out of state education by going to a choir school when my father's employers very generously provided me with a scholarship to go to a school in north Oxford set up to educate the sons of the clergy. I remember practising my violin in what was then the school's music wing, which was a bunch of wooden huts set up during the Second World War for some other purpose. St Edward's School in Oxford now has a magnificent music wing, and a drama wing, funded by rising fees and contributions from grateful alumni over the years; so have, as we all know, a great many other private—or public, as we call them—schools across Britain. The facilities are there. However, facilities in many state schools have weakened. Specialised coaches and music and drama teachers are very often no longer on the staff. Sometimes the playing fields are not there; the specialised music and drama institutions are certainly not.

I declare an interest as the trustee of two musical education charities and the chair of Voces Cantabiles Music and the Gresham Centre. We have developed over the last 11 years partly through partnerships with a number of public schools: first, with Bedford School and the five schools of the Grey Coat foundation and, secondly, with Bradford College, Ardingly College and Rugby School. In all instances it has been a matter of providing access to the excellent facilities that these public schools have to primary schools and some secondary schools in the region—to bring people together, give them a different quality of experience and so expand their horizons and build their self-confidence. I place on the record our gratitude as a charity to the partnerships we have had with these public schools. However, as the noble Lord said, this is an island of good practice when what we want to see is consistency.

There are other areas of public benefit that some public schools provide very well but which others neglect. My son went to a state school and was a good enough mathematician to be entered in the maths olympiad. When he got into the last 20 of the British Mathematical Olympiad, he was one of only three state school pupils, because the quality of the teaching you get in public schools is so much better than in state schools. When they got down to the final six to go on to the International Mathematical Olympiad, all the pupils were from public schools rather than the state sector. That tells you something. He was then offered a place to study maths at the University of Cambridge, conditional on taking a further set of advanced papers that his state school was incapable of providing him with the coaching for. Happily, Westminster School provided a teacher from its excellent maths department who provided him with weekly tuition in the evenings for a full term, which got him through. That is anecdotal evidence of a partnership of this sort. Public schools that have a better-paid and better-staffed maths department should be thinking about key areas where they could be providing additional coaching for people from state schools at crucial periods in their careers. We are well aware that some public schools now sponsor academies: Wellington College has gone in that direction.

All that the amendment says is that public benefit is important and needs to be demonstrated. Where there are these excellent facilities, which have improved so enormously in recent years, they should be provided for these purposes wherever possible. We would like to see much more consistent advice given, and much more consistent expectation, that the privilege of charitable status should be reflected in the public benefit provided.

4.45 pm

Baroness Pitkeathley: My Lords, I must take issue with the statement from the noble Lord, Lord Wallace of Saltaire, that the teaching in public schools is always better than that in state schools. I might well take issue with that but I certainly do not take issue with the fact that they have much better facilities, and that is what this is really all about.

We do not need to rehearse yet again the long-standing and tortuous arguments about what constitutes public benefit. In my intervention last week about funding the Charity Commission I talked about the quid pro quo that charities would expect in return for contributing to the funding of their regulator. Here we focus on another quid pro quo: in addition to the huge advantage that charitable status confers, independent schools are encouraged to further engage with local communities and make their facilities available for sports and arts purposes. Noble Lords have acknowledged that there is a lot of this about. There is some very good practice and it relates not only to the last Charities Bill. I remember that when I chaired the New Opportunities Fund, which did a great deal of work putting lottery money into schools, there were some excellent examples

[Baroness Pitkeathley]
of co-operation between public and state schools. As we have heard, though, it is very patchy. Too many of the sharing facilities and projects that go on are dependent on the history of relationships between that school and its local community. Even more concerning is that they are sometimes dependent on relationships between individuals, usually teachers. This is not satisfactory.

Facilities and coaching are important, as we have heard, so far as sport, arts and music are concerned, and they are disproportionately available in the public school sector. Only this morning, we heard that the Olympic legacy has not been realised so far as participation is concerned, and too many independent schools think it sufficient to say that facilities are available to local communities whenever their own students do not need them or they are not in use. When one headmaster was asked when the facilities were available, he said, "Any evening after 9 pm or any bank holiday, but funnily enough no one seems to want them then". Quite.

I very much support these amendments. The only anxiety I have is one that we have raised many times before in this Bill—the issue of giving the Charity Commission more responsibility without increasing its resources. This is quite a heavy policing function that would be placed on it, and that will need to be taken into consideration, but I support the amendment.

Lord Lexden (Con): My Lords, I declare my interest as a former general secretary of the Independent Schools Council and as the current president of the Independent Schools Association and of the Council for Independent Education. As I recite these names, it perhaps gives an illustration of the diversity that exists in the independent sector, which, viewed from the outside, is often depicted as a rather monolithic affair determined to keep on its own side of a Berlin Wall. Nothing could be further from the truth, as this debate so far has indicated.

I am very glad indeed to hear the acknowledgements of the widespread support that is given by the Independent Schools Council to the growth of partnership activity. The results are summarised in a publication called the *ISC Annual Census 2015*. A great deal of detailed material is going to be made available in September on a website *Schools Together*, which will give a great wealth of case studies and examples of what schools are doing in sharing facilities with their local communities and state schools. It will be an extensive website because there is so much to record.

I think the issue comes to this: is there a role for the law in this matter? We are at one in acknowledging that much has been done. I stress the ISC's continuing encouragement for the further expansion of such schemes and have very serious concerns about the implications of an attempt to specify how independent schools that are charities should demonstrate public benefit. All charities are of course required to provide public benefit. Would it be right to single out independent schools for specific guidance on what they should do? I also question whether this would be expedient because schemes for sharing facilities that are likely to succeed will do so when they reflect a deep and genuine desire on the part of state schools, local communities and independent schools to be involved in them.

Local wishes should determine what happens. It is important to remember that independent schools vary greatly in size and character. More than 50% have 350 pupils or fewer. Only a tiny minority have large endowments; the vast majority are wholly dependent on fee income. What they can do will vary from place to place depending on size and on how local communities and state schools wish to work with independent schools. I emphasise that the 1,200 schools belonging to the Independent Schools Council are keen to work with local schools and communities, contributing to the activities of local communities and work in state schools. These things are innate to them these days, forming part of the charitable ethos and purpose of the schools.

If partnership schemes are to deliver benefits to all involved—local communities, state schools and independent schools, which are enriched by partnership—I suggest that the best course is to give every encouragement to voluntary local arrangements and not seek to impose a set of requirements across the board, which I suppose would be known these days as a one-size-fits-all approach.

Viscount Bridgeman (Con): My Lords, while supporting the sentiments behind these two amendments, I have a small difficulty with the drafting. Surely in proposed new subsection (5) of both amendments, engaging fully implies aspirations towards an ideal. I feel that this does not lie easily with the word "minimum" in proposed subsection (6) of the two amendments. For example, a school that very reluctantly complies with the minimum requirements may be well aware that it is not engaging fully. The local community and, indeed, the Charity Commission, may feel the same way. Therefore, if these two amendments find favour with the Government, I suggest that they should be redrafted so that the two proposed subsections are absolutely compatible.

Lord Hodgson of Astley Abbotts: My Lords, these are well-meaning amendments. Who cannot be swayed by the brilliant call from my noble friend Lord Moynihan for consistency and for building on the memories of 2012, and, indeed, by the noble Lord, Lord Wallace of Saltaire, talking about the importance of music and the arts? However, my noble friend Lord Lexden has sounded a cautionary note. I fear that putting all this into statute may open a Pandora's box. I am not against opening a Pandora's box but, before doing so, let us be clear that that is what we are going to do and what may follow as a result.

Just to give some brief background, the Committee is aware that the roots of charity came from the dissolution of the monasteries. Before that, the church educated people, promoted religion and acted as, in modern terms, a social services department by looking after the sick, the destitute and the disabled. When that ceased to be done by the church, it was done by the private sector, if I may call it that. Those three purposes were presumed automatically to be charitable. There was a fourth category—such other activities as may be presumed to have a public benefit. That meant that for the vast majority of charities up to 2006 there was a presumption of public benefit. If one struck out every charity that had anything to do with education, religion and social services, a whole heap of charities

would be removed and we would be left with a small number that depended on the definition of "public benefit".

The public benefit test was introduced in 2006, when the Labour Government's Bill removed presumption and made every charity show that it was providing a public benefit. I am not saying whether that was a good or a bad thing; it is just what happened. It meant that the public benefit test went from being concerned with a very small number of charities to being the keystone of the arch. Every single charity now had to live with that. That was a very big change and the question of how that public benefit test should be set and enforced occupied many hours of the debates on the Charities Bill, as it was in 2004 to 2005. I was a newcomer in the House at that time and I listened to lengthy speeches. The noble Lord, Lord Wedderburn, from the Labour Benches made a 45-minute speech on what is a religion, to the increasing worry of his Whip and his Minister, the noble Lord, Lord Bassam, who rightly thought that we were never going to leave that group of amendments. I promise that I shall not speak for 45 minutes this afternoon.

The conclusion reached was that there was no ideal solution and that the least worst option was to give responsibility to the Charity Commission and to keep charities as far as possible away from the political fray. Lord Phillips of Sudbury, who is no longer with us but who then led the charge on these things, was the Peer who introduced the amendment that now forms Section 13(4) of the 2011 Act, which reads:

> "In the exercise of its functions the Commission is not subject to the direction or control of any Minister of the Crown or of another government department".

The conclusion of that long debate was that the public benefit test should be put to the Charity Commission and that the commission should be given a wraparound of avoiding political interference.

I accept the point made by my noble friend Lord Moynihan that the initial public benefit guidance from the Charity Commission after the 2006 Act was unduly financially oriented. I think that everyone now recognises that there was too much emphasis on scholarships and bursaries and not enough on the hearts and minds that both these amendments are driving at—namely, the provision of sporting facilities, arts and music. Of course, following the independent schools tribunal, the guidance has now been revised and things are not quite as they were.

The Pandora's box that could be opened is that if my noble friend were inclined to accept these amendments the Charity Commission would no longer be truly independent. You cannot be a little independent—you are either independent or you are not. Others might have their own ideas of what could be added to the list of things that the Charity Commission should consider and would have to take into account in considering the public benefit test. I need not remind the Committee that the OSCR—the Office of the Scottish Charity Regulator—has a different public benefit test. It requires that when the public benefit test is set, it should have particular regard to institutions that charge fees. That might be something to consider in this country in order to match the public benefit test in England with that in Scotland. I am concerned about how this might develop and, once the stitch is removed, how this theme might run through the charity sector. Slowly and inexorably, charities might find themselves moving towards the political stage, with all that that entails.

My noble friend made an important point about the uneven application of consistency. We have come across private schools that have been not unwilling but unable to provide the sorts of issues that my noble friend Lord Moynihan mentioned—a point also made by my noble friend Lord Lexden. A rural prep school that is badly endowed and has no local community is going to find it very hard to deal with the sorts of provisions that appear in these two amendments.

5 pm

My conclusion to the movers of this amendment is: be careful what you wish for. There are those who argue strongly that the detail of the public benefit test should be set by Parliament. I myself do not agree with that, for various reasons. I do not think that charitable endeavour and the hurly-burly of political life sit well together, and I fear that if these amendments were accepted we would be drifting slowly in that direction.

Lord Wallace of Saltaire: My Lords, I must remind the noble Lord that on the previous day that this Committee sat he made a very powerful speech about the need to define rather more clearly some of the elements in the Bill. He now seems to be arguing in entirely the opposite direction.

I recognise that the public benefit test has to be left relatively broad, and indeed both these amendments say so. I also recognise, with regard to the use of the word "fully", that there are ways in which this amendment might need to be reconsidered.

All that we are attempting to do here is to make it clear that there is an expectation of public benefit, as we have both said. Different schools demonstrate that in different ways, and we all expect them to do so. I have to say that many of us are a little worried about a small minority of schools that now seem to have a large proportion of overseas students, for example, and have raised their fees to such an extent that they are a very long way from the original charitable purposes for which they were founded. If we are nudging them—nudging is, after all, one of the things that this Government are extremely keen on—in the right direction, it is this sort of wording that seems to be pushing them in that direction, and that is what we wish to do. I do not think that we are going down the route of politicisation; we are, however, reminding them—and providing them with some examples—that charitable status is a privilege and public benefit is an expectation.

Lord Hodgson of Astley Abbotts: I entirely agree that charitable status is a privilege. The question is whether that status is better enhanced by statute or by guidance. I am saying that the test should be made clear but it should be a Charity Commission guidance test rather than be put in statute, with all the inflexibilities and ancillary problems that may flow from that.

Baroness Jones of Whitchurch (Lab): My Lords, I feel that I could not have put the case for these two amendments better than the noble Lords, Lord Moynihan and Lord Wallace of Saltaire. I also echo the comments of my noble friend Lady Pitkeathley. Like them, we very much hope that the arguments will not fall on stony ground. Indeed, in a previous debate in this Room, the noble Lord, Lord Nash, agreed with our direction of travel, saying:

"It would be nice to see the independent and state sectors collaborating more".—[*Official Report*, 27/11/14; col. 991.]

As we know, though, encouraging words are simply not enough in themselves. Despite being subsidised by the taxpayer to the tune of some £700 million over the course of a Parliament, only 3% of independent schools sponsor an academy, only 5% loan teaching staff to state schools and only one-third allow pupils to attend lessons on their premises. That is not sufficient to show that they are providing "public benefit".

I agree with noble Lords that there are pockets of good practice but I also very much echo their view that it is not consistent. As Sir Michael Wilshaw, the head of Ofsted, has described it, it feels like public schools are offering the state sector only the "crumbs off your tables". So independent schools with charitable status must do more to develop partnerships with state schools by sharing their resources and skills.

It is in all our interests, public and private, that every child has access to a first-class education with the skills to succeed in the global marketplace, and this is certainly one way of delivering that. We would envisage much deeper partnerships than has been the case in the past, not just by the sharing of sports, art and music facilities—important though they are, and an important case for that has been made in the debate—but also by the running of summer schools, mentoring schemes and giving access to networks for careers advice, work experience and internships. All these issues are equally important in a future partnership scheme.

It is important for independent schools to engage in these activities with the state sector as an equal partner rather than as a tokenistic gesture. I will give an example of this. I visited a school recently which on its website talked proudly of the relationship it had with the local public school. When I went to speak to the sixth form, I commented that the students must feel proud to have access to all the facilities in the school down the road, but I have to say that those students looked at me with completely blank faces. They did not know what I was talking about. An awful lot is said about this without it being acted upon on the ground in a way that young people feel is delivering for them. This is why we have called for a new schools partnership standard against which independent schools will be measured. Furthermore, we believe that the Local Government Act 1988 should be amended so that private schools' business rate relief becomes conditional on passing that new standard.

Amendments 23A and 23B provide a start by identifying at least three areas, sports, drama and music, where facilities and expertise can be shared to the benefit of pupils from both sectors. I would say to the noble Lords, Lord Lexden and Lord Hodgson, that independent schools which are already involved in such initiatives have nothing to fear from these changes, while, quite frankly, those which have not kept up with the times will find it difficult to justify why they should continue to be subsidised on the pretence that they are providing a public benefit rather than a private benefit for just the few.

That brings me to the second part of the two amendments, where we totally concur with the view that the Charity Commission should be required to set out the minimum necessary for the public benefit test to be met. No other agency or individual is allowed to mark their own homework and decide for themselves what their standard is and whether they have met it. Without some kind of independent and transparent guidance, it is impossible for taxpayers or their representatives to review and test the standard, or to check that it has been met in each case. Even auditors cannot justify themselves that the requirement has been met since there is no standard against which they can benchmark any particular charity.

We have tolerated the corrosive effect of the divided school system for far too long. It cannot be right that public schools account for only 7% of all pupils in England yet provide more than 50% of our CEOs, Lords, barristers, judges, QCs, doctors and even journalists. We very much welcome the amendments and the analysis behind them as a first step towards a new model of accountability and partnership in education. It may well be that the wording does need to be finessed before Report, but I am sure that the proposers of the amendments will welcome any constructive suggestions in that regard. While I am sure that the Minister agrees with these sentiments, I hope he will also agree with our practical proposals, and I look forward to hearing his response.

Lord Bridges of Headley: My Lords, I should start by saying that I am very much on side with my noble friend Lord Moynihan and the noble Lord, Lord Wallace of Saltaire, in their intention to encourage more sharing of facilities and expertise between charitable independent schools and local communities, including state schools. Indeed, I pay tribute to my noble friend Lord Moynihan on all the excellent work that he has done on this, including during the Olympics. I have to say that I am not an accomplished sportsman myself—indeed, the words "accomplished sportsman" and "Bridges" do not go together. I try to pull myself around Battersea Park once a week, but that is as far as it goes, so I look with awe at what my noble friend has achieved in terms of encouraging more people to take part in sport.

As I said, I sympathise with the noble aim of these amendments. However, although we may agree on the aim, where I differ is on the way in which we achieve it. In direct response to what my noble friend has said, I would argue that the Charity Commission already has the tools to do this job and to do it consistently. Public benefit has long been a concept at the heart of the definition of charity, as all noble Lords know. It is not enough that charities have a charitable purpose; they must further their charitable purpose for the public benefit. However, how they do so is rightly a matter for a charity's trustees—a point made eloquently and forcefully by my noble friend Lord Lexden?

The Charities Act 2006, now consolidated into the Charities Act 2011, gave the Charity Commission a statutory objective of promoting awareness and understanding of the operation of the public benefit requirement. It also required the commission to publish statutory guidance on the public benefit requirement, as noble Lords will know. The published guidance as it applied to charitable fee-charging independent schools was challenged in the Upper Tribunal and was found to be overprescriptive. I just want to remind your Lordships what the tribunal found.

The tribunal summarised the two strands to the public benefit test as follows: first, what is provided must be of benefit to the community; and, secondly, those who benefit must be sufficiently numerous and identified in such a manner as to constitute a "section of the public". On the first point, the test was satisfied, in that the delivery of a standard curriculum to school-age children was for the benefit of the community. On the second point, providing that more than de minimis or token provision is made for the poor, there is a range of direct, indirect and identifiable wider benefits that schools provide to the community that can be taken into account. The test is to look at what a trustee, acting in the interests of the community as a whole, would do in all the circumstances of the particular school, and to ask what provision should be made, other than the provision of education to fee-paying students, over and beyond the de minimis or token threshold.

As with all charities, the trustees of charitable independent schools are required to report on their public benefit activities in their trustees' annual report. It is worth pointing out that the Charity Commission provides guidance on how the public benefit requirement can be met by charities, including schools. As I am sure your Lordships know, this is set out in *Public Benefit: The Public Benefit Requirement*. I repeat that this matter should be left to the discretion of the charity's trustees operating within the Charity Commission's published guidance. In practice, charitable independent schools are likely to use a combination of ways of providing opportunities to benefit people who cannot afford the fees. Such schools have widely varying circumstances and assets which can affect what benefits, other than an education for pupils at the school, they choose to give.

As my noble friend Lord Moynihan alluded to, much is being done in terms of partnership. According to the Independent Schools Council, 93% of ISC schools are in mutually beneficial partnerships with state schools and local communities, sharing expertise, best practice and facilities to the benefit of children in all the schools involved. However, as the noble Lord, Lord Wallace, said, we need to encourage them to do more. The ISC states:

"The best partnerships develop between Heads or teachers really wanting to work together, out of genuine local relationships and enthusiasms, not dictated from the top".

In addition to sharing expertise or facilities as set out in the noble Lord's amendment, other examples might include allowing pupils from local state schools to attend certain lessons or other educational events; collaboration between independent schools and state schools, including academies—a point that has been referred to—an independent school working in partnership with a non-fee-charging school overseas to share knowledge; the formal secondment of teaching staff to other state schools or colleges—for example, in specialist subjects such as individual sciences or modern languages—and supporting state schools to help them prepare A-level students for entry to universities. Those are just a flavour of the different ways in which a charitable independent school can work with the wider community and the state education sector to further its charitable purposes for the public benefit.

However, I wish to return to my main point, which has been made before, which is that charities are independent and their trustees must be able to make decisions in the best interests of the charity, taking into account the needs of their beneficiaries and individual circumstances of their charity. We must be careful not to fetter their discretion with prescriptive requirements that will not be appropriate in all circumstances.

As my noble friend Lord Lexden eloquently argued, we need to avoid a one-size-fits-all approach. Therefore, I entirely share the sentiment behind this amendment and the view of my noble friend Lord Moynihan that we need to do more to raise standards in the teaching of sport and music in state schools while encouraging independent schools to do their bit.

The noble Baroness, Lady Jones, referred to Ofsted. Indeed, Ofsted has looked into this matter, as I am sure she knows. I remind your Lordships what was said in its report *Going the Extra Mile*, which was published in June last year. It states:

"Of course, many independent schools enjoy financial advantages not available to their state-funded cousins. As this report makes clear, it is not resource that is the key to independent school success but attitude. Children are expected to compete, train and practise secure in the knowledge that teachers will go the extra mile to help them. … As things stand, many state schools treat competitive sport as an optional extra or fail to offer it any meaningful way. They get on the bus but fail to turn up on the pitch".

The report goes on to say:

"The time that PE staff, other teachers and coaches dedicate to organising sport before, during and after school and at weekends is one of",

the "fundamental reasons" why some maintained schools and academies match what independent schools do.

An Ofsted music report said that, as regards the provision of music:

"The root of the problem lay in a lack of understanding, and low expectations in music, among the schools' senior leaders and their consequent inability to challenge their own staff, and visiting teachers, to bring about improvement. More often than not, they evaluated the quality of music in their schools too optimistically".

I am not for one instant saying that we should not encourage independent schools to do their bit and to do more. Clearly, we need to do that and clearly there is work to be done. I know that my noble friend Lord Moynihan is encouraging us to do a lot of work in the state sector, but there is a lot of work to be done on both fronts. However, while the activities covered in these amendments are worthy, there may be many others which have equal value or may be more appropriate in the particular circumstances of the school. Trustees will want to take into account the needs of their beneficiaries and be able to develop innovative responses

[Lord Bridges of Headley]
to such needs. It would be wrong to restrict their discretion in the way proposed by the amendments. I look forward to meeting my noble friend Lord Moynihan before Report to discuss his proposals in more detail. However, on the basis of what I have said, I hope that he will feel able to withdraw the amendment.

5.15 pm

Lord Moynihan: My Lords, I tread carefully in areas of disagreement with my noble friends Lord Lexden and Lord Hodgson and, indeed, my noble friend the Minister. However, I wish to make one or two observations in response to their comments. The Minister referred to Sir Michael Wilshaw's *Going the Extra Mile* report. This was an indictment of sport in schools in this country. It was stated without any equivocal reticence:

"The survey reveals unacceptable discrepancies between the proportion of pupils attending state schools and their representation in elite sport".

Clearly, that is not simply a function of the relationship between independent schools and state schools but raises a major question about how we support the development of both primary and secondary schoolchildren in sport and recreation and indeed, I would argue, in the wider context of the arts as well.

I agree with my noble friend Lord Lexden that best practice and the encouragement of voluntary local arrangements is ideally the best way forward. However, I have to say to him that I would not be standing in front of this Committee today if those voluntary arrangements were working. The reality is—he has the report in front of him, from which he quoted—that only one-quarter of the schools in partnership with state schools invite pupils to use their music facilities, only one-tenth invite pupils to use their drama facilities and only 6% second coaching staff. Regrettably, these figures strengthen my argument that if we consistently come back year after year and say, "Leave it to voluntary agreements because this is not an area for political involvement", we are letting down a generation.

We sit in your Lordships' House in part to look at legislation, balance wholly reasonable points about the non-politicisation of the Charity Commission's objectives and ensure that guidance takes precedence. Indeed, the amendment before the Committee today, in terms of the arts and sport, emphasises the publication of guidance as the key criterion. It does not require or seek the Charity Commission to publish regulations that then are subject to either affirmative or negative resolution of this House. It seeks to continue through guidance. It seeks a very light-touch statement that, in publishing that guidance, it is wholly reasonable and, I would argue, non-political to ask independent schools—which through their own guidance have been directed in the area of engagement on sport and recreation activities between their schools and the public—to engage fully with those local communities and state schools. That is as far as we would wish to go in legislation, and then we would look to the Charity Commission to publish appropriate guidance.

Of course every school differs, but the statistics I have just quoted—I welcome that they will be published more widely on a website this autumn—are a sign. They are a clear example that the wholly voluntary approach towards best practice, which ideally we would all like to support, is not working.

We need look no further than local authorities. Parliament determined that there should be a voluntary approach by local authorities to support sport and recreation activities in this country and that it should be a discretionary spend item, not a mandatory spend item. What is the consequence of that? A lack of investment in local sport and recreation facilities, a lack of opportunity for girls and women to engage in those facilities because there simply are not the facilities for so many women to participate in sport at a local level, and, frankly, a collapse of opportunity around this country, all because we have left this to voluntary local arrangements—unlike, by the way, Scotland, which has taken a mandatory approach.

My argument with my noble friend Lord Lexden is that although the voluntary approach and the encouragement of voluntary local arrangements has, in part, been outstanding—I am not for a moment arguing that all schools have failed to deliver close working relationships with the local community over sport and recreation and the arts—the reality is that it is a patchwork quilt in this country. Wherever we do not deliver best practice, we let down local communities. We have a very light-touch opportunity in this legislation to rectify that. I simply say to my noble friend that if we take it, we might move from 6% of schools seconding coaching staff to the local communities and in the direction of the outstanding chief master of King Edward's School in Birmingham, John Claughton, who shares the vision that I am talking about and has come up with some excellent ideas, but there will be no impetus behind that if we simply leave schools to current practice.

We have to change our approach to this if we are going to maximise the opportunities for young people in our society to engage and not walk past independent schools with which they have little to no relationship—I am not talking about best practice; I am, regrettably, talking about the 1,002 schools out of 1,073 that do not second coaching staff. That cannot be acceptable to your Lordships' House and it cannot be acceptable, sadly, in the wake of the hugely inspirational Olympic Games in London in 2012. We should be engaging with all able-bodied and disabled kids in the locality on where independent schools can play a major role in achieving that objective, rather than, three years on, to have these statistics in front of me, which were published by the ISC and demonstrate, in my view, that the Charity Commission needs to have greater vision to drive forward change in the interests of all young people in this country.

I predict that the proportion of our medallists from the independent sector in Rio 2016 will be even higher than the proportion from London 2012. The proportion of the total team that we take will certainly be higher, not least because it looks highly unlikely that we will take a football team. Football is one sport in this country where you have a pretty perfect relationship between the numbers of independent and state school kids going to play at the national level, with the proportion from state schools being of the order of 93%. That is what you would hope for in every sport,

but it exists only in football and not elsewhere. By the look of it we are not going to be sending a men's or a women's team from GB, so you can expect the percentages to fall back to closer to where they were in Beijing in 2008.

I conclude by wishing that I was in a position to agree with my noble friend Lord Lexden. I am sensitive to the arguments that my noble friend Lord Hodgson made about politicisation. We need to look at that carefully as we reconsider the amendments that we have tabled. I absolutely understand that there would appear to be a discrepancy between, on the one hand, publishing guidance setting out minimum standards and, on the other, taking into account engaging fully with local communities and state schools. I would argue that there should be a minimum standard, so I do not actually see the discrepancy myself, but I see that it is open to a different understanding. It is something that I am sure the noble Lord, Lord Wallace, and I will review in the light of that excellent intervention when it comes to taking this idea forward to the next stage.

For the time being, I will of course withdraw the amendment standing in my name and could not be more grateful to your Lordships from both sides of the House. This debate has taken an hour—I thought we were going very swiftly until this point, so I apologise for the fact that we have had a full hour—but it has been a quality hour and has been very helpful in identifying key areas that we need to consider between now and Report. In light of the interest and support that exists for taking this further, at this stage I beg leave to withdraw the amendment.

Amendment 23A withdrawn.

Amendment 23B

Tabled by ***Lord Wallace of Saltaire***

23B: After Clause 13, insert the following new Clause—

"Independent schools' music and arts facilities: public benefit

In section 4 of the Charities Act 2011 (the public benefit requirement), after subsection (4) insert—

"(5) Independent schools which are charities must engage fully with local communities and state schools with a view to sharing facilities for music, drama and arts.

(6) The Charity Commission must publish guidance setting out the minimum that independent schools which are charities must do to comply with the duty in subsection (5).""

Lord Wallace of Saltaire: I will, if I may, very briefly second what the noble Lord, Lord Moynihan, has said. We will take this away and consider whether we should provide a different form of words. I have to say I was puzzled by the quotation from Ofsted—

The Deputy Chairman of Committees (Lord Faulkner of Worcester) (Lab): Forgive me, but if the noble Lord is speaking, he must move his amendment at the end of his speech.

Lord Wallace of Saltaire: My apologies. I had not understood that that was the way Committee stages went. In that case, we will talk off the Floor. I will ask for the exact quote from Ofsted and we will return to this.

Amendment 23B not moved.

Amendments 24 and 25 had been withdrawn from the Marshalled List.

Clause 14: Reviews of the operation of this Act

Amendment 26

Moved by ***Baroness Barker***

26: Clause 14, page 18, line 6, at end insert—

"( ) The Chancellor of the Exchequer and the Minister for the Cabinet Office must carry out a review into the operation of this Act as it relates to social investment, including—

(a) the effectiveness of the social investment market;

(b) public understanding of how funds are used by charities for the purposes of investment;

(c) the interaction between grant-making and social investment."

Baroness Barker: My Lords, Amendments 26 and 27 have been proposed by Social Enterprise UK. Many of us welcome the fact that we have Clause 14 as it stands in the Bill. The proposal that there should be a full review of the Act within five years and subsequent reviews every five years thereafter is important, not least because it should concentrate the mind of the Charity Commission, which is being given extensive new powers in the Bill. By including provision for a review, we might also move away from the traditional method of developing charity law in this country, which has often been to wait for some kind of scandal to happen, have a big inquiry into it and subsequently move forward into legislation. There will always be scandals in the charity world, just as there are in the world of business, and they will always be useful implements for change, but something rather more considered would be helpful.

5.30 pm

For the first time in legislation, there is in this Bill a definition of social investment. Those of us who dream of reading charity legislation have a good understanding of what social investment is, but it is as yet a concept limited to very few people. The particular difficulty with social investment is that, if it is true social investment as opposed to grant-making, there will be failures and money will be lost. That is terribly hard to get across to the general public and sometimes to funders, who are horribly risk-averse. Social Enterprise UK has therefore proposed Amendments 26 and 27. Amendment 26 asks that there be an additional review carried out not only by the Minister for the Cabinet Office—who obviously has responsibility for charity legislation—but by the Chancellor, because social investment has a large financial element to it and such a review sits better within both the Cabinet Office and Treasury than just within the Cabinet Office. Clearly, the Minister for the Cabinet Office would have to retain responsibility for overseeing charity legislation, so having both departments involved in the review would be excellent. The second paragraph of the amendment proposes that, as part of that review, the Cabinet Office look at how the public understand how charitable funds are used.

Amendment 27 is rather an unusual amendment to come from an opposition Bench because it would widen the scope of a review to,

"any other areas deemed relevant by the Minister".

[Baroness Barker]

That is because we think that the way in which the social investment provisions work out over the next five years—it is also a new market—may throw up different areas that need to be investigated by the Cabinet Office. It also opens up scope for the one thing to be done that is not in Clause 14: to review the performance of the Charity Commission in relation to the Bill. The Bill talks a lot about outcomes but it does not talk about reviewing the performance of the Charity Commission, which is the central, single most important factor in whether the legislation works. It is also for many of us one of the biggest concerns about this legislation. For that reason, it is not only wise but advisable that we include this additional provision to widen the scope of the review.

Having said that, I welcome Clause 14. However, if we are looking at the true purposes of the Bill, it should be widened in the ways that I am proposing. I beg to move.

Lord Watson of Invergowrie: My Lords, the Labour Party has no objection to Amendment 26, with the exception of the first six words. It does not seem appropriate to ask that the Chancellor become involved in a review such as this because it would seem unnecessarily to broaden the aegis of this part of the Bill relating to social investment, and we do not believe that it would be welcomed by charities.

I am aware that this amendment is supported by Social Enterprise UK and the Charity Finance Group, and I understand the rationale behind it, which is that the Treasury controls fiscal and regulatory levers with regard to investment and therefore should have a say in this area as well. However, at a stage in the process when some charities will remain sceptical of entering the field of social investment, the shadow of HM Treasury lurking in the background does not seem to us to create the kind of setting designed to assuage such concerns.

I wrote in my note of this speech that Amendment 27 is uncontentious, but I have just heard the noble Baroness, Lady Barker, outline why she has included it. She basically said that the amendment has been included to allow for the review of the activities of the Charity Commission. I do not think we necessarily disagree that that might be appropriate in some circumstances. I assume that behind the scenes it goes on anyway, but the amendment says,

"any other areas deemed relevant by the Minister",

which leaves the door open for the Minister to say, as I imagine he might well do, "Well, I don't deem it relevant for us to carry out a review of the Charity Commission—certainly not in this context". By and large, we would not be unhappy with an open door in this situation. As the noble Baroness, Lady Barker, said, it is in many pieces of legislation that come before us.

That leaves only Amendment 29, which stands in my name and that of my noble friend Lady Hayter of Kentish Town. This is similar to Amendment 22ZA, in which we argued for the inclusion of an initial review of charities' social investments after three years, with subsequent reviews at five-yearly intervals. The arguments in favour in Amendment 29 are similar too, mainly to the effect that, with a number of significant changes being introduced in this Bill, it will be important to review their effectiveness at an earlier stage to enable progress to be assessed and any difficulties encountered to be highlighted. Doing so will enable all charities to benefit from the experience of others, while the Cabinet Office might wish to seek to amend the Act in the light of experience. Each of the factors listed in paragraphs (1)(a) to (c) are easily measurable and will inform the reviews with the most up-to-date information available.

Publication of the reports of the reviews will also provide Parliament with an important opportunity to examine the impact of the Act at that point. A period of five years seems to us to be too long to await that kind of appraisal initially and for it to be laid before Parliament, and we believe that it would be in charities' best interests to initiate the review after three years, with further reviews every five years.

Lord Bridges of Headley: My Lords, this has been an interesting contribution to the debate. Let me start by setting out the aim of the review provision in the Bill before commenting in detail on the amendments.

Clause 14 makes provision for the operation of the Act to be reviewed by the Minister at least every five years, in line with government policy on reviewing legislation that imposes a regulatory burden. I should add, on the point made by the noble Baroness, Lady Barker, about the Charity Commission per se, to which the noble Lord, Lord Watson, referred, that I am reminded that the Public Accounts Select Committee reviews the Charity Commission every year and the NAO will undertake a follow-up review of the Charity Commission's progress. The review of this legislation will, by considering the operation of the Act, consider the Charity Commission's use of powers, guidance, and so on.

The purpose of such a statutory review is to establish whether, and to what extent, the provisions in the Bill have achieved their original objectives. The review must also consider whether the objectives are still valid, whether the measures are still required and the best option for achieving those objectives—and if so, whether the provisions can be improved to reduce burdens on businesses, including charities. The review must address three related questions. First, are the policy objectives that led to the introduction of the measures still valid and relevant? Secondly, if the objectives are still valid and relevant, is regulation still the best way of achieving those objectives compared with the possible alternatives?

Thirdly, if regulation is still justified, can the existing measures be improved? Additionally in this Bill, the review must include consideration of how the Act affects public confidence in charities, the level of charitable donations and people's willingness to volunteer. As I am sure noble Lords know, this follows on from similar requirements in the Charities Act 2006 but should not be considered limiting on the scope of any review. The standard period for such a review to take place is within five years of the legislation being enacted, a point I shall return to.

I turn to Amendments 26 and 27 in the names of the noble Baroness, Lady Barker, and the noble Lord, Lord Wallace of Saltaire. As the noble Baroness said,

social investment is a relatively new field but it is growing very fast, and the UK is already a world leader in many respects. I do not believe that the review clause of the Bill is the right place to propose a wide-ranging review of the social investment market, public perceptions of social investment and any impact on grant-making. In relation to social investment, the Bill makes a modest contribution by clarifying the existing law for charities in a way that we hope will encourage more charities to consider whether making social investments is right for them. For many, as I have said, it will not be.

The Cabinet Office and the Treasury have worked closely together for several years on growing the social investment market, a point I made earlier—for example, on the social investment tax relief that was launched in April 2014, the first of its kind in the world, or on the establishment in 2012 of Big Society Capital, the Investment and Contract Readiness Fund and the Social Outcomes Fund. The then Government also published annual progress updates on growing the social investment market. These covered a broad range of policies, including those owned by the Cabinet Office and the Treasury, so a lot is being done here already. All this was done without a statutory requirement for a review. I do not believe that a statutory review requirement would achieve much that is not already being done more frequently and with much broader scope.

There is nothing in the review clause that would prevent the Minister from specifying other matters to be considered in or alongside those required in the statutory review, so I do not think that Amendment 27 is really needed. I would strongly argue that the scope of the review clause is right as it is, and that it would be wrong to start focusing it on matters beyond the direct scope of the Bill when these are already being considered and reported on regularly by the Government. I hope that I have been able to persuade the noble Baroness to withdraw her amendment.

On Amendment 29, in the name of the noble Lord, Lord Watson, I have some sympathy with his arguments about bringing forward the first review but should also point out some of the downsides to holding the review within three years rather than five. Once the Bill becomes law, the clock begins to count down towards the review, but the Commission will need to develop and consult on guidance in relation to its new powers as well as putting in place systems and processes, training and internal guidance for its staff. It is not unrealistic to expect this process to take at least six months. The review clause requires the review to be published within so many years of enactment, which means that the review itself will have to begin earlier—say, six months. So it is easy to see how in practical terms a "three-year" review would actually be a two-year review, losing six months to preparation and guidance at the beginning and six months to the review itself at the end.

Then there is the important point that the commission itself has said that it would expect to exercise some of the powers on only a very few occasions each year—for example, the power to direct the winding up of a charity, which the commission expects to use on only two occasions each year. Factor in the time that it takes for an appeal to be determined, and one can see that there would be a real risk that some of the powers in the Bill may have been exercised only a couple of times by the time of a three-year review. That is unlikely to provide a sufficiently useful sample on which to base an assessment of the powers' efficacy.

The standard period for reviewing legislation is within five years. The provision in the Bill as it stands does not prevent the review from taking place earlier than five years after enactment. It is also worth pointing out that the Charity Commission publishes an annual report on its compliance work called *Tackling Abuse and Mismanagement*, which I referred to last week, to help explain its case work and to help trustees learn any important lessons. This annual report would represent a good opportunity for the commission to report on the use of its new powers as and when they are used.

Having said all that, the noble Lord, Lord Watson, has made some helpful points about the timing of a review and I would like to consider them in more detail. For now, however, I hope that he will feel able not to press his amendment.

5.45 pm

Baroness Barker: My Lords, I thank all noble Lords for their contributions. I am surprised by the statement by the noble Lord, Lord Watson of Invergowrie. The Treasury has control over the fiscal and regulatory powers that have a direct bearing on the ability of charities to raise money through these different instruments. I am surprised because I remember that when Gordon Brown was Chancellor he did a great deal to address the issues that charities were facing at the time, particularly on the limitations on their powers to raise revenue. It is not only under this Government but under Governments of his party that we have seen a much more forward-looking view and attitude taken by the Treasury towards different forms of charitable finance.

I take the points made by the Minister about my amendments, and it has been helpful to have him set out what he believes the scope of the review would be. I make it clear that I want the review to look at the performance of the Charity Commission in relation to the powers set out in the Bill. The legislation is now before us because the Charity Commission has told us that it lacks all these different powers in its armoury. Some of us remain less than convinced that that is the case, so it would be helpful to see whether we were right in five years' time.

I accept the Minister's point about a wide-ranging review of social investment and I understand that that can be done at any time of the Government's choosing. However, given that the Bill has the new clause on social investment, it would be helpful if that in particular was reviewed in five years' time. I have listened to the Minister's answers to the debate, and on that basis I beg leave to withdraw the amendment.

Amendment 26 withdrawn.

Amendment 27 not moved.

Amendment 28 had been withdrawn from the Marshalled List.

Amendment 29 not moved.

Clause 14 agreed.

Clause 15: Short title, extent and commencement

Amendment 30

Moved by ***Lord Bridges of Headley***

30: Clause 15, page 18, line 20, leave out "This Act comes" and insert—

"( ) This section and section 14 come into force on the day on which this Act is passed.

( ) The other provisions of this Act come"

Lord Bridges of Headley: My Lords, this is a minor and technical amendment to the commencement provision in Clause 15. At present, subsection (3) of the clause provides for the Bill to come into force on whatever day is specified in regulations made by the Minister. Subsection (4)(a) states that the regulations may specify,

"different days for different purposes".

The amendment would amend subsection (3) so that Clauses 14 and 15 come into force on the day the Act is passed; that is, on Royal Assent. Clause 14 imposes a duty on the Minister to review the operation of the Act. This should apply to the Act regardless of when other provisions are brought into force, so there is no need to delay commencement following Royal Assent. Clause 15, "Short title, extent and commencement", contains general provisions, and it is good practice for Acts to make it clear that such general provisions come into force on Royal Assent. The remainder of the Bill would, as now, come into force on the day specified in regulations made by the Minister. This allows for commencement of the substantive provisions of the Act at an appropriate time which, in accordance with the convention, will be at least two months after Royal Assent. I commend the amendment to the Committee and I beg to move.

Baroness Hayter of Kentish Town (Lab): My Lords, the Minister may say that it is a minor amendment but I happen to have a very long speech here. However, he will be pleased to know that I rise only to thank him for introducing the amendment. When we started on day one, my noble friend Lord Watson wished him well in the Committee stage and promised that we would deal with him gently. I hope he agrees that we have done just that.

This is an opportunity for me to thank the Minister for his patience and thoughtfulness, although maybe not his flexibility, in responding to our amendments. Of course, that has enabled us to hear all the Government's arguments against our changes, which I hope will fortify and sharpen our case as we bring some of them forward on Report on 20 July.

I also take advantage of this moment to thank, in particular, my noble friends Lady Jones and Lady Pitkeathley for their contributions at this stage. I also give particular thanks to my noble friend Lord Watson for the heavy lifting on many of the amendments. It is the first time that we have worked together in this capacity, but I hope it is not the last. For the moment, we are happy to support this very minor amendment.

Lord Bridges of Headley: I am very grateful that that was not the speech that the noble Baroness was about to give. For one moment my heart sank and I wondered what I might have missed at this late stage. She has been very kind and has indeed dealt with me very gently, as has the noble Lord, Lord Watson, for which I am very grateful. I also extend my thanks to everyone—the noble Baroness, Lady Barker, my noble friend Lord Hodgson and the many others who have made this debate extremely fruitful. I said at Second Reading that this would be a very good opportunity to kick the tyres of this policy—although I know that it has been kicked for quite a long time—and we have certainly done that. We have had some good debates on a range of topics, some in the Bill and some not, and those debates have been incredibly well informed.

I put on record that I have agreed to meet a number of noble Lords between now and Report in two weeks' time. I look forward to meeting, for example, the noble Baroness, Lady Hayter, to discuss her proposal to extend automatic disqualification to sex offenders, something on which I am very sympathetic. I look forward to dancing on the head of a pin with the noble Baroness, Lady Barker, and my noble friend Lord Hodgson as we define social investment still further. A number of other points on the Bill were raised by the noble and learned Lord, Lord Hope of Craighead, which I will look forward to discussing, as I will the points raised by the noble Lord, Lord Bew, and the noble Baroness, Lady Deech, on unincorporated charities. As I said, I also intend to meet my noble friend Lord Moynihan to discuss his proposals on sport. So all in all it looks as though I have a very busy couple of weeks ahead of me.

Amendment 30 agreed.

Clause 15, as amended, agreed.

Title agreed.

Bill reported with an amendment.

Committee adjourned at 5.53 pm.

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