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PARLIAMENTARY DEBATES  
(HANSARD)

HOUSE OF LORDS  
OFFICIAL REPORT

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

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

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

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# House of Lords

Wednesday 25 May 2016

3 pm

Prayers—read by the Lord Bishop of Southwark.

## Economy: Overseas Trade Deficit Question

3.06 pm

Asked by **Lord Haskel**

To ask Her Majesty's Government what steps they are taking to reduce the United Kingdom's deficit on the balance of payments in overseas trade.

**The Commercial Secretary to the Treasury (Lord O'Neill of Gatley) (Con):** My Lords, changes in investment income are driving the UK's current account deficit. This has greatly reflected Britain's attractiveness as a destination for investors. In 2014-15, UKTI provided support for 1,610 of the 1,988 FDI projects in the UK. Government efforts are continuing to help reach the Government's £1.5 trillion target by 2020. However, the Government's commitment to eliminating the budget deficit should help to narrow the current account deficit, as forecast by the OBR.

**Lord Haskel (Lab):** I thank the Minister for that reply, which of course is entirely consistent with government policy over the last five years—funding the deficit by inward investment—but the problem is that it is not working. The current account deficit has become larger in each of the last five years and now stands at a record level of 7% of GDP. Are the Government going to continue with this failed policy or are they going to change it before the deficit becomes unsustainable?

**Lord O'Neill of Gatley:** My Lords, I emphasise, as I tried to do in my opening comments, that the current account deterioration is not being driven by a deterioration in the trade deficit. In fact, our trade deficit has been relatively stable at around 2% of GDP for the last seven years.

**Lord Leigh of Hurley (Con):** My Lords, the Minister is right to say that the deficit is caused by the imbalance in FDI. Does he agree that the way to address this is to encourage industry to divert investments away from low-yield FDI into high-yield areas, such as China, which currently represents less than 1% of our overseas investments abroad?

**Lord O'Neill of Gatley:** I am very grateful for the accurate suggestion by my noble friend Lord Leigh as to what is really going on below the data. I emphasise—as, rather generously, Ernst & Young did yesterday in a very important report—that the recent deterioration is due to the growing attractiveness of the United Kingdom,

especially areas outside London, in the minds of investors all over the world. Narrowing this deficit requires us to invest more in other places in the world that give a higher return.

**Baroness Kramer (LD):** I wonder whether the Minister has seen today's *FT* interview with the director-general of the WTO, in which he explains that, if we were to leave the EU, the UK would be required to put tariffs on imports from all 58 countries with which the EU has trade arrangements, and they in turn would be required to put a surcharge on UK exports. This is not an area where we will have a choice. We cannot say, "We're not charging duties here". That would be impossible and illegal. Hence, would the Minister recommend that Brexiters take note of the damage they could cause?

**Lord O'Neill of Gatley:** My Lords, I thought that I had read the *Financial Times* thoroughly this morning but I missed that particular piece. If we want to reduce our current account deficit by reducing our attractiveness to foreign investment, we need to be very careful on 23 June.

**Lord Lawson of Blaby (Con):** My Lords—

**Lord Kinnock (Lab):** My Lords—

**Lord Pearson of Rannoch (UKIP):** My Lords—

**The Lord Privy Seal (Baroness Stowell of Beeston) (Con):** My Lords, I hesitate to intervene, but the House does seem to be calling for the noble Lord, Lord Pearson.

**Lord Pearson of Rannoch:** Do the Government accept that, according to their own Pink Book, we have had a growing trade deficit with the EU for the last five years totalling some £358 billion but a growing surplus with the rest of the world of £61 billion? Does not this also mean that the EU has many more jobs dependent on its free trade with us than we do on our free trade with it, which will therefore be in its interest to continue if we come to leave the European Union itself?

**Lord O'Neill of Gatley:** My Lords, the numbers that the noble Lord referred to in the Pink Book are broadly accurate but I do not share his interpretation of them. As shown in the timely piece from *EY* yesterday, the number of jobs being created by foreign direct investment in the UK is substantial.

**Lord Davies of Oldham (Lab):** My Lords, the Minister is extraordinarily complacent. Does he not recognise that the deficit on goods and services is the largest since the post-war recession of 2008, which affected the country so adversely? He is indicating that the Government have got matters in hand, but in fact we are approaching catastrophe as far as these figures are concerned.

**Lord O'Neill of Gatley:** My Lords, I hate to be a statistical nerd about these things, but I am staring at the data. Last year, our overall trade balance as a share of GDP was minus 0.20%. In 2010, it was minus 2.8%. As I said a few minutes ago, the trade deficit today is smaller than it has been for 10 years.

**Lord Lawson of Blaby:** My Lords, in the context of inward investment, to which my noble friend rightly referred and which is in fact the driver of this, did he have time in his busy life to read the story in *Le Monde* a few days ago? It was reported that the important French internet company Valtech is waiting for the outcome of the referendum and, in the event of Brexit, proposes to move its headquarters from Luxembourg to London.

**Lord O'Neill of Gatley:** My Lords, I like to think that my talents are spreading as the years go by but I am not yet capable of reading a French newspaper and so have not read that particular story.

**Viscount Hanworth (Lab):** My Lords, it is clear that the only way in which to mend the balance of payments is to increase substantially our exports of manufactured goods. For our goods to become saleable abroad, the value of the pound must be reduced. If nothing is done to overcome the balance of payments problem, it is inevitable that the pound will eventually plummet. Can the Minister envisage a more orderly way of reducing the value of the pound?

**Lord O'Neill of Gatley:** My Lords, it is time for repetition again: our trade balance is smaller than it has been at any time in the past 10 years. It has been stable at around 2% of GDP. The deterioration of the current account, which has been significant in the past two years, is due to a growing imbalance in the so-called investment account.

## NHS: Bursaries

### Question

3.14 pm

Asked by **Lord Hunt of Kings Heath**

To ask Her Majesty's Government whether they intend to halt plans to withdraw National Health Service bursaries.

**The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con):** My Lords, the Government do not intend to halt plans to withdraw National Health Service bursaries for nursing, midwifery and allied health students undertaking pre-registration training at university. The Government are currently running a public consultation on how to most successfully implement those reforms. The changes will affect only new students commencing courses on or after 1 August 2017.

**Lord Hunt of Kings Heath (Lab):** But, my Lords, has the Minister seen the PAC analysis which says that, because of the loss of the bursary and the introduction of loans, there is a real risk that many people, particularly older people with children, will be

dissuaded from applying to train as nurses and in allied health professions? Given that, and given the desperate shortage of nurses and other professionals, should not the Government take a little time to examine whether their original decision was justified rather than simply consulting on the way that it is going to be implemented?

**Lord Prior of Brampton:** My Lords, all the evidence is—not just from nursing but from other university courses—that loans have not reduced the numbers of people wishing to go to university: indeed, quite the contrary. The number of people going to university has gone up since student loans were introduced. The demand from young men and women who wish to go into nursing is very strong. The noble Lord will know that 57,000 people apply every year to become nurses and there are only 20,000 places, so we are confident that this will result in more, not fewer nurses.

**Baroness Walmsley (LD):** My Lords, will the Minister say how much the Treasury will save by shifting this debt from the Government to low-paid nurses? Given the demographic of nurses, who are overwhelmingly female and, as I said, relatively low-paid, surely quite a lot of that student debt will never be repaid. Is this really such a good deal for the Government?

**Lord Prior of Brampton:** I think that it is a good deal for the Government—as the noble Baroness puts it like that—on a number of fronts. It is good for patients because there will be more nurses. It is good for the Government because there will be less need to recruit overseas nurses and agency nurses. Of course, the noble Baroness is right that for mature students coming in, the time to repay the student loan debt will be shorter than for younger people, but the Government will still make a return on that.

**Lord Clark of Windermere (Lab):** Is the Minister aware that nursing students spend about 50% of their time on clinical placements? Given that there is no provision in the consultation document for extra financial facilities to be made available to hospitals providing those placements, how will they cope with the overstretch that is already in the hospital mentoring system?

**Lord Prior of Brampton:** That is a good question. Nurses spend 2,300 hours of their three-year course in clinical placements in hospitals. They are supernumerary. They are clearly supervised and mentored in that setting, but they also provide a fair amount of care in those hospitals as well. I am pretty confident that hospitals will work out an arrangement with universities to ensure that they create enough clinical placements for those nurses.

**Baroness Masham of Ilton (CB):** My Lords, is the Minister aware that nurses used to have free accommodation and were also paid, but now they have these debts hanging over them? What is the view of the Royal College of Nursing?

**Lord Prior of Brampton:** My Lords, I think that the Royal College of Nursing, Unison and other unions have concerns about moving from bursaries to student loans; it would be idle to pretend otherwise. But we are convinced that the demand for young people to go into nursing is very strong and that the availability of more money through the loan system to nurses at university will therefore encourage more people to go into nursing.

**Lord Elton (Con):** My Lords, I am sure that there is a simple answer to my question that everybody else knows. My noble friend said that there were 20,000 nursing places available for training and more than 50,000 people wishing to fill them. But we also read that there is a shortage of nurses such that there are very heavy demands made for agency nursing. What explains that discrepancy?

**Lord Prior of Brampton:** My Lords, the reason for the discrepancy is that at the moment the bursary system effectively caps the number of student places for nursing. One of the purposes of moving to the loan system is to remove that cap and our estimate is that by so doing an additional 10,000 places will be created between 2017 and 2020.

**Lord Turnberg (Lab):** My Lords, if you go to any nursing graduation ceremony you will see lots of 30 and 40 year-old women who have been carers and who now wish to retrain as nurses. This is a very valuable asset for the health service, and yet they are just the people who may be disenfranchised by this policy. Is it not crazy to do this?

**Lord Prior of Brampton:** My Lords, the loan will be available to mature students as well as to students taking their first degree. The loan structure is such that if someone will not be working for as long as a younger nurse they will not in all likelihood repay the whole of the loan, which will be written off at the end of the period. I agree entirely with what the noble Lord says; we depend heavily on mature students coming into nursing. Our view is that this will not put off those people.

**Baroness Royall of Blaisdon (Lab):** My Lords, was permission given by the Department of Health for the disgraceful use of the NHS logo on the side of Boris's blunder bus? I would ask the Minister to look at the precedents. At one stage we asked to use the NHS logo and were told that we could not because it was political. I ask the Minister to look into this.

**Lord Prior of Brampton:** My Lords, I do not think that this has much to do with the Question on the Order Paper. Clearly, the NHS logo is a powerful and very strong brand and we should be very careful where we use it.

## Immigration: Detention of Pregnant Women

### Question

3.21 pm

Asked by **Baroness Jones of Moulsecoomb**

To ask Her Majesty's Government whether they will make it their policy routinely to publish statistical information on the detention of pregnant women under the Immigration Act 2014.

**The Advocate-General for Scotland (Lord Keen of Elie) (Con):** The detention of pregnant women under Immigration Act powers occurs in only very limited circumstances, either where there is a clear prospect of early removal or in very exceptional circumstances. Very few pregnant women are detained. With the implementation of the Immigration Act 2016, the Government are considering options for the collection of data on detained women who have disclosed their pregnancy to the Home Office.

**Baroness Jones of Moulsecoomb (GP):** I thank the Minister for that reply, and it is welcome news. Is there any timetable on this? Can we be sure that it is going to happen within the next few months? It seems incredible to me that it is beyond the wit of the Home Office to count the number of pregnant women who are held in detention.

**Lord Keen of Elie:** At present there are management data from diverse sources, including medical data, border data and detention data. The Government are considering how best to collate the information and whether it will be necessary to actually publish it. I ask the noble Baroness to bear in mind that our intention is to minimise the number of pregnant women in detention, and that will dictate how we proceed.

**The Lord Bishop of Southwark:** My Lords, I would be grateful if the Minister would detail the criteria and give examples of the exceptional circumstances that justify the detention of pregnant women under the Act.

**Lord Keen of Elie:** We have made it perfectly clear that detention in all cases is the exception and not the rule. In the cases of vulnerable adults, including pregnant women, it will be wholly exceptional for them to be detained. In general it is anticipated that detention will be required only in circumstances where someone arrives at the border without any right to be in the United Kingdom and can be more or less immediately returned to their country of origin.

**Baroness Kennedy of The Shaws (Lab):** My Lords, is the Minister prepared to say that, as a matter of principle, pregnant women should not be held in detention? That should be the starting point. It is what this House wants to hear and what this House voted for.

**Lord Keen of Elie:** There is a clear and unambiguous presumption against the detention of pregnant women.

**Baroness Gardner of Parkes (Con):** Can the Minister assure us that these pregnant women will have adequate access to full medical care at any time that it is needed?

**Lord Keen of Elie:** It is intended that even before a pregnant woman is detained, her welfare will be taken into consideration. Consideration of her welfare will include the question of whether adequate facilities are available to that woman if she is detained. In the event of detention in an immigration centre such as Yarl's Wood, there are adequate facilities to deal with pregnant women.

**Lord Rosser (Lab):** On 26 April, the noble and learned Lord told the House that on that day there was one pregnant woman in the immigration detention system. He also said that further guidance on the question of vulnerable persons, including pregnant women, would be produced in May and laid before Parliament in order,

“that that position can be maintained”.—[*Official Report*, 26/4/16; col. 1095.]

Can the Minister tell us, first, how many pregnant women are in immigration detention today, and, secondly, what the highest number of pregnant women who have been in immigration detention has been on any one day since 26 April, when he said there was just one? Thirdly, what is the position with the further guidance being produced this month?

**Lord Keen of Elie:** With respect to the present position, as of today no women with confirmed pregnancies are being detained under Immigration Act powers in an immigration detention centre or residential short-term holding facility. As for the statistics for the period since 26 April, I am not in a position to give a number, but I undertake to write to the noble Lord providing such figure as is available from the present data, which generally speaking are management data. On the matter of pregnant women and regulations, in accordance with the regulations made this week, the Act's provisions on pregnant women and adults at risk will come into force on 12 July. The publication of guidance on the matter is in the course of final preparation and will be made available as soon as possible.

**Baroness Hussein-Ece (LD):** Given the history and events pertaining to pregnant women and other vulnerable people in Yarl's Wood, as set out in the Shaw report, will the Minister ensure that priority is given to openness and transparency when we look at how pregnant women are detained, particularly when, as the Minister said, that would only be in exceptional circumstances? We need some transparency, because there has been a failure to declare this.

**Lord Keen of Elie:** Clearly we liaise very regularly with those contracted to provide facilities at Yarl's Wood. Over and above that, Stephen Shaw will be commissioned to do a short review in 2017 on the implementation of these proposals.

**Lord Tebbit (Con):** Is my noble friend aware that I have taken some interest in this matter, which included writing to the legal advisers who deal with these sorts of cases? So far as I could discover, there has never been more than a very small number—single figures—of pregnant women who have been detained who are not free, should they so wish, to return to other jurisdictions. It is merely that some of them are not allowed to enter this jurisdiction. They are perfectly free to leave if they wish to do so.

**Lord Keen of Elie:** I would observe that detention and removal are essential parts of any effective immigration control.

## EU: Turkish Membership *Question*

3.28 pm

*Asked by Lord Green of Deddington*

To ask Her Majesty's Government what is their current policy regarding Turkey joining the European Union.

**The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con):** My Lords, the Government see the EU accession process as the most effective means of encouraging reform, stability and democracy in Turkey. The Prime Minister has made it clear that the question of Turkey actually joining the EU is not remotely on the cards; indeed, he does not believe that it will happen for decades. Of course, every member state has a veto at every stage of the process.

**Lord Green of Deddington (CB):** My Lords, I am grateful to the Minister for that response. Is she aware of the many similarities between the economic conditions in Turkey today and those that existed in eastern Europe in 2004—countries from which we have since received more than 1 million migrants? The Minister mentioned the right to veto Turkish membership. Would the Government use their veto if faced with the prospect of massive flows of migration from Turkey?

**Baroness Anelay of St Johns:** My Lords, regarding use of the veto, the Prime Minister has made it absolutely clear that he would be prepared to block any future accession until reforms of transitional controls on freedom of movement have been achieved. The success of my right honourable friend the Prime Minister in his negotiation earlier this year means that our controls on free movement cannot be lifted until the economies of an accession country have converged much more closely with existing member states'. If we were to allow those controls to be lifted, we could seek to re-impose them if there were either a serious disturbance in our labour market, or adverse social or public policy impacts in the UK as a result of migration from this new member state. These are new powers that we did not have on the previous accession from the Balkans.

**Lord Anderson of Swansea (Lab):** My Lords, will the Minister pass a copy of her reply to her hapless government colleague Ms Mordaunt? Does she recall that Chancellor Merkel used to talk of the proud nation of Turkey having a “privileged position” with the European Union? Is that now not a far more realistic position than continuing with the fiction that Turkey will one day be a member of the European Union, given, for example, that there is a need for referenda in Austria and France, and that there is no prospect, for as far ahead as we can plan, of Turkey having full membership?

**Baroness Anelay of St Johns:** My Lords, I happened to speak to my honourable friend Penny Mordaunt about an hour ago, and I reassured her of my admiration for her in all the work she does as Minister for the Armed Forces. Indeed, I am just about to issue a joint op-ed with her regarding the ceremony at the Cenotaph earlier today. I was disappointed that she was perhaps misinformed by one of the campaign groups about the powers of the United Kingdom. It is clear that, when Turkey is on the path to EU accession, it will face the fact that the UK, as all other member states, possesses a veto against its accession if it cannot achieve the standards needed to be a member of the EU.

**Lord Balfé (Con):** My Lords, I point out that successive Governments of all political colours have supported Turkey’s application. Part of the accession negotiations could obviously cover a derogation on free movement that could put it off for a number of years. I will be in Ankara next week, at the Turkish Parliament. Can I assure them that Her Majesty’s Government’s position remains the same?

**Baroness Anelay of St Johns:** The position remains exactly as I outlined in my Answer: we see the EU accession process as the most effective way to encourage reform, stability and democracy in Turkey. Turkey has to meet the EU norms—the rule of law, fundamental freedoms and competition rules—to be effective.

**Baroness Ludford (LD):** My Lords, is it not the truth that the Brexiteers making an issue of the very distant prospect of Turkish accession is an example of their having lost the plot? They have lost the argument on the economy, are unable to portray a credible alternative to the EU—sorry, I forgot Mr Gove’s Albanian model—are fighting among themselves like rats in a sack, and are scapegoating and insulting all and sundry with abandon, including Turks. Should they not concentrate on trying to find some integrity for their campaign?

**Baroness Anelay of St Johns:** My Lords, the Government’s view is that we should put to the people of this country the positive and correct information about the benefits but also responsibilities of being a member of the EU. We believe that we are stronger, safer and better off in the EU. We have issued information about that. It is up to others how they interpret it—or, indeed, misinterpret it.

**Lord Elystan-Morgan (CB):** My Lords, for a country to be a valid candidate for entry into the European Union, is it not incumbent on it to show that it is an adherent to the European Convention on Human Rights of 1950? Do Her Majesty’s Government take the view that Turkey today genuinely and honestly conforms to such a rule?

**Baroness Anelay of St Johns:** My Lords, our view is indeed that Turkey must adhere to the common norms on human rights. The Copenhagen criteria underwrite that requirement, as the noble Lord will be more aware than most. It is a fact that Turkey has a long way to go before it meets the necessary standards of human rights and can achieve accession. The opportunity to work towards EU accession is, I hope, the lever that will persuade the country to reform its views on human rights.

**Lord Collins of Highbury (Lab):** My Lords, Turkey is of course also a member of NATO. Building security in Europe is at the front line of issues of security. Clearly, as the Minister indicated, the accession process can address the issues of democracy and accountability and, not least, the problems we have with Cyprus. Can the noble Baroness assure us that she will continue that process and not give in to the scare tactics that have been used disgracefully by other members of her Government?

**Baroness Anelay of St Johns:** I wholeheartedly agree that that process should continue. I give that undertaking.

**Viscount Hailsham (Con):** My Lords, would my noble friend agree that, while there are many substantial reasons against the accession of Turkey to the European Union, perhaps the most important is that there is a real danger that it would greatly increase right-wing extremism within the Union? That would be profoundly destabilising for us all.

**Baroness Anelay of St Johns:** My Lords, as I already outlined, in our view, for Turkey to achieve entitlement to accession to the European Union, it has a very long path to tread to meet the norms of human rights, and in economic terms. As each of the 35 chapters may be opened and closed, every member state has the opportunity for a veto. Any concerns that my noble friend has should be allayed by the fact that the process is clear and careful. We have the opportunity to explain to Turkey that it must achieve high standards of human rights, including avoiding political extremism, before it achieves accession.

## House of Lords Bill [HL] First Reading

3.36 pm

*A Bill to restrict membership of the House of Lords by virtue of a peerage; to make related provision about disqualifications for voting at elections to, and for membership of, the House of Commons; and for connected purposes.*

*The Bill was introduced by Lord Elton, read a first time and ordered to be printed.*

[BARONESS ANELAY OF ST JOHNS]

**Abortion (Disability Equality) Bill [HL]**

*First Reading*

3.37 pm

*A Bill to make provision for disability equality in respect of abortions.*

*The Bill was introduced by Lord Shinkwin, read a first time and ordered to be printed.*

**Marriage and Civil Partnership (Minimum Age) Bill [HL]**

*First Reading*

3.37 pm

*A Bill to raise the minimum age of consent to marriage or civil partnership to eighteen; create an offence of causing a person under the age of eighteen to enter into a marriage or civil partnership; and for connected purposes.*

*The Bill was introduced by Baroness Tonge, read a first time and ordered to be printed.*

**Arbitration and Mediation Service (Equality) Bill [HL]**

*First Reading*

3.37 pm

*A Bill to make further provision about arbitration and mediation services and the application of equality legislation to such services; and for connected purposes.*

*The Bill was introduced by Baroness Coussins (on behalf of Baroness Cox), read a first time and ordered to be printed.*

**Property Boundaries (Resolution of Disputes) Bill [HL]**

*First Reading*

3.38 pm

*A Bill to make provision for the resolution of disputes concerning the location or placement of the boundaries and private rights of way relating to the title of an estate in land; and for connected purposes.*

*The Bill was introduced by the Earl of Lytton, read a first time and ordered to be printed.*

**Deputy Chairmen of Committees**

**Communications Committee**

**Consolidation etc. Bills Committee**

**Constitution Committee**

**Delegated Powers and Regulatory Reform Committee**

**Economic Affairs Committee**

**European Union Committee**

**Human Rights Committee**

**Hybrid Instruments Committee**

**International Relations Committee**

**Liaison Committee**

**National Security Strategy Committee**

**Palace of Westminster Committee**

**Parliamentary Office of Science and Technology (POST)**

**Privileges and Conduct Committee**

**Procedure Committee**

**Science and Technology Committee**

**Secondary Legislation Scrutiny Committee**

**Standing Orders (Private Bills) Committee**

**Statutory Instruments Committee**

**Charities Committee**

**Financial Exclusion Committee**

**Licensing Act 2003 Committee**

**NHS Sustainability Committee**

**High Speed Rail (London–West Midlands) Bill Committee**

*Membership Motions*

3.38 pm

*Moved by The Chairman of Committees*

*Deputy Chairmen of Committees*

That, as proposed by the Committee of Selection, the following members be appointed as the panel of members to act as Deputy Chairmen of Committees for this session:

B Andrews, L Bassam of Brighton, L Bichard, L Brougham and Vaux, L Colwyn, L Dear, L Faulkner of Worcester, B Fookes, B Garden of Frogna, L Geddes, B Harris of Richmond, L Haskel, B Henig, B Hooper, C Mar, B McIntosh of Hudnall, B Morris of Bolton, B Pitkeathley, V Simon, B Stedman-Scott, L Taylor of Holbeach, V Ullswater.

*Communications*

That a Select Committee be appointed to consider the media and the creative industries and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Allen of Kensington, B Benjamin, L Best (*Chairman*), B Bonham-Carter of Yarnbury, E Caithness, Bp Chelmsford, B Goldie, L Hart of Chilton, B Kidron, B McIntosh of Hudnall, B Quin, L Sheikh, L Sherbourne of Didsbury;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Consolidation etc. Bills*

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

B Andrews, L Armstrong of Ilminster, V Bridgeman, L Carswell, L Eames, V Eccles, V Hanworth, B Mallalieu, L Plant of Highfield, L Razzall, B Seccombe, B Thomas of Winchester;

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

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

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Constitution*

That a Select Committee be appointed to examine the constitutional implications of all public bills coming before the House; and to keep under review the operation of the constitution;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Beith, L Brennan, B Dean of Thornton-le-Fylde, L Hunt of Wirral, L Judge, L Lang of Monkton (*Chairman*), L MacGregor of Pulham Market, L MacLennan of Rogart, L Morgan, L Norton of Louth, L Pannick, B Taylor of Bolton;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Delegated Powers and Regulatory Reform*

That a Select Committee be appointed:

(i) To report whether the provisions of any bill inappropriately delegate legislative power, or whether they subject the exercise of legislative power to an inappropriate degree of parliamentary scrutiny;

(ii) To report on documents and draft orders laid before Parliament under or by virtue of:

(a) sections 14 and 18 of the Legislative and Regulatory Reform Act 2006,

(b) section 7(2) or section 19 of the Localism Act 2011, or

(c) section 5E(2) of the Fire and Rescue Services Act 2004;

and to perform, in respect of such draft orders, and in respect of subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001, the functions performed in respect of other instruments and draft instruments by the Joint Committee on Statutory Instruments; and

(iii) To report on documents and draft orders laid before Parliament under or by virtue of:

(a) section 85 of the Northern Ireland Act 1998,

(b) section 17 of the Local Government Act 1999,

(c) section 9 of the Local Government Act 2000,

(d) section 98 of the Local Government Act 2003, or

(e) section 102 of the Local Transport Act 2008.

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Drake, L Flight, B Fookes (*Chairman*), B Gould of Potternewton, L Jones, L Lisvane, L Moynihan, L Thomas of Gresford, L Thurlow, L Tyler;

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

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Economic Affairs*

That a Select Committee be appointed to consider economic affairs and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Bowles of Berkhamsted, L Burns, L Darling of Roulanish, L Forsyth of Drumlean, L Hollick (*Chairman*), L Kerr of Kinlochard, L Lamont of Lerwick, L Layard, L Livermore, L Sharkey, L Tugendhat, L Turnbull, B Wheatcroft;

That the Committee have power to appoint a sub-committee and to refer to it any of the matters within the Committee's terms of reference; that the Committee have power to appoint the Chairman of the sub-committee;

[BARONESS ANELAY OF ST JOHNS]

That the Committee have power to co-opt any member to serve on the sub-committee;

That the Committee and its sub-committee have power to send for persons, papers and records;

That the Committee and its sub-committee have power to appoint specialist advisers;

That the Committee and its sub-committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee or its sub-committee be published, if the Committee so wishes.

#### *European Union*

That a Select Committee be appointed:

(1) To consider European Union documents deposited in the House by a Minister, and other matters relating to the European Union;

The expression "European Union document" includes in particular:

(a) a document submitted by an institution of the European Union to another institution and put by either into the public domain;

(b) a draft legislative act or a proposal for amendment of such an act; and

(c) a draft decision relating to the Common Foreign and Security Policy of the European Union under Title V of the Treaty on European Union;

The Committee may waive the requirement to deposit a document, or class of documents, by agreement with the European Scrutiny Committee of the House of Commons;

(2) To assist the House in relation to the procedure for the submission of Reasoned Opinions under Article 5 of the Treaty on European Union and the Protocol on the application of the principles of subsidiarity and proportionality;

(3) To represent the House as appropriate in interparliamentary cooperation within the European Union;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Armstrong of Hill Top, L Boswell of Aynho (*Chairman*), B Brown of Cambridge, B Browning, B Falkner of Margravine, L Green of Hurstpierpoint, L Jay of Ewelme, B Kennedy of The Shaws, E Kinnoull, L Liddle, L McFall of Alcluith, B Morris of Bolton, B Prashar, L Selkirk of Douglas, B Suttie, L Teverson, L Trees, L Whitty, B Wilcox;

That the Committee have power to appoint sub-committees and to refer to them any matters within its terms of reference; that the Committee have power to appoint the Chairmen of sub-committees,

but that the sub-committees have power to appoint their own Chairmen for the purpose of particular inquiries; that the quorum of each sub-committee be two;

That the Committee have power to co-opt any member to serve on a sub-committee;

That the Committee and its sub-committees have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee and its sub-committees have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees;

That the evidence taken by the Committee or its sub-committees be published, if the Committee so wishes.

#### *Human Rights*

That a Select Committee of six members be appointed to join with a Committee appointed by the Commons as the Joint Committee on Human Rights:

To consider:

(a) matters relating to human rights in the United Kingdom (but excluding consideration of individual cases);

(b) proposals for remedial orders, draft remedial orders and remedial orders made under section 10 of and laid under Schedule 2 to the Human Rights Act 1998; and

(c) in respect of draft remedial orders and remedial orders, whether the special attention of the House should be drawn to them on any of the grounds specified in Standing Order 73 (Joint Committee on Statutory Instruments);

To report to the House:

(a) in relation to any document containing proposals laid before the House under paragraph 3 of the said Schedule 2, its recommendation whether a draft order in the same terms as the proposals should be laid before the House; or

(b) in relation to any draft order laid under paragraph 2 of the said Schedule 2, its recommendation whether the draft Order should be approved;

and to have power to report to the House on any matter arising from its consideration of the said proposals or draft orders; and

To report to the House in respect of any original order laid under paragraph 4 of the said Schedule 2, its recommendation whether:

(a) the order should be approved in the form in which it was originally laid before Parliament; or

(b) the order should be replaced by a new order modifying the provisions of the original order; or

(c) the order should not be approved;

and to have power to report to the House on any matter arising from its consideration of the said order or any replacement order;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Hamwee, L Henley, B Lawrence of Clarendon, B Prosser, L Trimble, L Woolf;

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

That the quorum of the Committee shall be two;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Hybrid Instruments*

That a Select Committee be appointed to consider hybrid instruments and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Addington; L Crickhowell; L Grantchester; L Harrison; L Quirk; L Swinfen;

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

That the reports of the Committee be printed, regardless of any adjournment of the House; and

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *International Relations*

That a Select Committee be appointed to consider the United Kingdom's international relations and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Coussins, L Grocott, L Hannay of Chiswick, B Helic, L Howell of Guildford (*Chairman*), B Hilton of Eggardon, L Inglewood, L Jopling, L Purvis of Tweed, L Reid of Cardowan, B Smith of Newnham, L Wood of Anfield;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

#### *Liaison*

That a Select Committee be appointed to advise the House on the resources required for select committee work and to allocate resources between select committees; to review the select committee work of the House; to consider requests for *ad hoc* committees and report to the House with recommendations; to ensure effective co-ordination between the two Houses; and to consider the availability of members to serve on committees;

That, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

B Eccles of Moulton, L Foulkes of Cumnock, B Garden of Frogna, L Hope of Craighead, L Hunt of Kings Heath, L Low of Dalston, B Secombe, B Stowell of Beeston, L Wallace of Tankerness;

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

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time.

#### *National Security Strategy*

That, as proposed by the Committee of Selection, the following Lords be appointed to join with a Committee of the Commons as the Joint Committee on the National Security Strategy, to consider the National Security Strategy:

L Boateng, B Buscombe, B Falkner of Margravine, L Hamilton of Epsom, L Harris of Haringey, L Mitchell, L Powell of Bayswater, L Ramsbotham, L Trimble, L West of Spithead;

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place in the United Kingdom;

That the Committee have leave to report from time to time;

That the reports of the Committee shall be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

[BARONESS ANELAY OF ST JOHNS]

That the evidence taken by the Committee shall, if the Committee so wishes, be published.

*Palace of Westminster*

That a Committee of six Lords be appointed to join with the Committee appointed by the Commons to consider the restoration and renewal of the Palace of Westminster;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Carter of Coles, L Deighton, L Laming, B Smith of Basildon, B Stowell of Beeston, L Wallace of Tankerness;

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

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

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee from time to time shall be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee; and

That the evidence taken by the Committee shall be published, if the Committee so wishes.

*Parliamentary Office of Science and Technology (POST)*

That, as proposed by the Committee of Selection, the following Lords be appointed to the Board of the Parliamentary Office of Science and Technology (POST):

E Selborne, L Haskel, L Oxburgh, L Winston.

*Privileges and Conduct*

That a Committee for Privileges and Conduct be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Bassam of Brighton, L Brown of Eaton-under-Heywood, L Dear, L Eames, L Hope of Craighead, L Irvine of Lairg, B Jay of Paddington, L Mackay of Clashfern, L Newby, B Smith of Basildon, B Stowell of Beeston, L Taylor of Holbeach, V Ullswater, L Wallace of Tankerness, L Young of Cookham;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

That the Committee have power to co-opt any member to serve on a sub-committee;

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

That in any claim of peerage, the Committee shall sit with three holders of high judicial office, who shall have the same speaking and voting rights as members of the Committee;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees; and

That the evidence taken by the Committee or its sub-committees be published, if the Committee so wishes.

*Procedure*

That a Select Committee on Procedure of the House be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Bassam of Brighton, L Brabazon of Tara, B D'Souza, B Farrington of Ribbleson, L Greaves, L Hope of Craighead, B Humphreys, L Morris of Aberavon, L Newby, L Powell of Bayswater, L Rowe-Beddoe, L Skelmersdale, B Smith of Basildon, B Stowell of Beeston, L Taylor of Holbeach, L True, L Wallace of Tankerness, B Warwick of Undercliffe,

and that the following members be appointed as alternate members:

B Bakewell of Hardington Mandeville, L Brown of Eaton-under-Heywood, B Browning, L Foulkes of Cumnock, B Meacher;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

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

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House.

*Science and Technology*

That a Select Committee be appointed to consider science and technology and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Borwick, L Cameron of Dillington, L Fox, L Hennessy of Nympsfield, L Hunt of Chesterton, L Mair, L Maxton, B Morgan of Huyton, B Neville-Jones, L Oxburgh, V Ridley, E Selborne (*Chairman*), B Young of Old Scone, L Vallance of Tummel;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

That the Committee have power to co-opt any member to serve on the Committee or a sub-committee;

That the Committee and its sub-committees have power to send for persons, papers and records;

That the Committee and its sub-committees have power to appoint specialist advisers;

That the Committee and its sub-committees have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees;

That the evidence taken by the Committee or its sub-committees be published, if the Committee so wishes.

### *Secondary Legislation Scrutiny*

That a Select Committee be appointed to scrutinise secondary legislation.

(1) The Committee shall, with the exception of those instruments in paragraphs (3) and (4), scrutinise—

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

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

with a view to determining whether or not the special attention of the House should be drawn to it on any of the grounds specified in paragraph (2).

(2) The grounds on which an instrument, draft or proposal may be drawn to the special attention of the House are—

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

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

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

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

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

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

(3) The exceptions are—

(a) remedial orders, and draft remedial orders, under section 10 of the Human Rights Act 1998;

(b) draft orders under sections 14 and 18 of the Legislative and Regulatory Reform Act 2006, and subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001;

(c) Measures under the Church of England Assembly (Powers) Act 1919 and instruments made, and drafts of instruments to be made, under them.

(4) The Committee shall report on draft orders and documents laid before Parliament under section 11(1) of the Public Bodies Act 2011 in accordance with the procedures set out in sections 11(5) and (6). The Committee may also consider and report on any material changes in a draft order laid under section 11(8) of the Act.

(5) The Committee shall also consider such other general matters relating to the effective scrutiny of secondary legislation and arising from the performance of its functions under paragraphs (1) to (4) as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Andrews, L Bowness, L Goddard of Stockport, L Haskel, L Hodgson of Astley Abbots, B Humphreys, L Janvrin, B O'Loan, L Rowlands, B Stern, L Trefgarne (*Chairman*);

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

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

### *Standing Orders (Private Bills)*

That a Select Committee on the Standing Orders relating to private bills be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Geddes, L Goodlad, B Gould of Potternewton, L Naseby, L Palmer, L Rodgers of Quarry Bank, V Simon;

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

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

### *Statutory Instruments*

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

[BARONESS ANELAY OF ST JOHNS]

L Davies of Stamford, L Lexden, B Meacher, L Rowe-Beddoe, L Rowlands, B Scott of Needham Market, L Sherbourne of Didsbury;

That the Committee have power to agree with the Committee appointed by the Commons in the appointment of a Chairman;

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

#### *Charities*

That a Select Committee be appointed to consider issues related to sustaining the charity sector and the challenges of charity governance, and to make recommendations, and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Barker, L Bichard, L Chadlington, L Foulkes of Cumnock, B Gale, L Harries of Pentregarth, B Jenkin of Kennington, L Lupton, B Pitkeathley (*Chairman*), L Rooker, B Scott of Needham Market, B Stedman-Scott;

That the Committee have power to appoint specialist advisers;

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

That the Committee have power to adjourn from place to place within the United Kingdom;

That the evidence taken by the Committee be published, if the Committee so wishes;

That the Committee do report by 31 March 2017;

That the report of the Committee be printed, regardless of any adjournment of the House.

#### *Financial Exclusion*

That a Select Committee be appointed to consider financial exclusion and access to mainstream financial services, and to make recommendations, and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

Bp Birmingham, V Brookeborough, L Empey, L Fellowes, L Harrison, L Haskel, L Holmes of Richmond, L Kirkwood of Kirkhope, L McKenzie of Luton, L Northbrook, B Primarolo, L Shinkwin, B Tyler of Enfield (*Chairman*);

That the Committee have power to appoint specialist advisers;

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

That the Committee have power to adjourn from place to place within the United Kingdom;

That the evidence taken by the Committee be published, if the Committee so wishes;

That the Committee do report by 31 March 2017;

That the report of the Committee be printed, regardless of any adjournment of the House.

#### *Licensing Act 2003*

That a Select Committee be appointed to consider and report on the Licensing Act 2003, and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Blair of Boughton, L Brooke of Alverthorpe, L Clement-Jones, L Davies of Stamford, B Goudie, B Grender, L Hayward, B Henig, L Mancroft, B McIntosh of Pickering (*Chairman*), L Smith of Hindhead, B Watkins of Tavistock;

That the Committee have power to appoint specialist advisers;

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

That the Committee have power to adjourn from place to place within the United Kingdom;

That the evidence taken by the Committee be published, if the Committee so wishes;

That the Committee do report by 31 March 2017;

That the report of the Committee be printed, regardless of any adjournment of the House.

#### *NHS Sustainability*

That a Select Committee be appointed to consider the long-term sustainability of the National Health Service, and to make recommendations, and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Bradley, B Blackstone, Bp Carlisle, L Kakkar, L Lipsey, L Mawhinney, L McColl of Dulwich, L Patel (*Chairman*), B Redfern, L Ribeiro, L Scriven, L Turnberg, L Warner, L Willis of Knaresborough;

That the Committee have power to appoint specialist advisers;

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

That the Committee have power to adjourn from place to place within the United Kingdom;

That the evidence taken by the Committee be published, if the Committee so wishes;

That the Committee do report by 31 March 2017;

That the report of the Committee be printed, regardless of any adjournment of the House.

#### *High Speed Rail (London–West Midlands) Bill*

That Lord Elder be appointed a member of the Select Committee in place of Lord Plant of Highfield.

**Lord Pearson of Rannoch (UKIP):** My Lords, the House will be delighted to hear that I shall spare your Lordships my usual intervention to protest at the continuing largely Europhile composition of our proposed EU Committee. However, perhaps I may ask the Chairman of Committees whether he agrees that your

Lordships' House should limit the number of sub-committees under this committee. There have been as many as six in the past. As Brussels pays so little attention to their deliberations—and that is putting it politely—should we not start to limit their number? Before we accept this Motion, I suggest that, at the very least, we limit the European Committee to two sub-committees. Would that not free up valuable resource to set up more ad hoc committees, at which your Lordships excel with all your gathered wisdom, and which are so appreciated by the British people?

**Lord Boswell of Aynho (Non-Aff):** My Lords, before the Chairman of Committees replies, perhaps I may respond briefly to the noble Lord, Lord Pearson. He will perhaps have anticipated that I was half-anticipating a contribution from him; it is, indeed, a seasonal necessity. It will perhaps be helpful to Members of the House, under whose remit we have the honour to serve, if I briefly comment on the state of play within the general framework. The noble Lord's restraint today in terms of the personalities involved on the substantive committee was admirable but he has questioned the number of sub-committees. Frankly, I am not ashamed of the work that is done by my sub-committees through my main committee. There will be an opportunity for that to be debated in public in due course, and I hope that the noble Lord will join us in doing so. But in terms of the overall remit, I would suggest, if nothing else, that this is not the moment to change our substantive arrangements, although we may well wish to reappraise them in the future. We are well aware of the risks and opportunities presented by the upcoming referendum. At the very end of the last Session, we considered a paper prepared by our clerks indicating work that our committee could do when the result was known.

The structure of our committee and our scrutiny model have served us well since they were adopted in the 1970s. Indeed, I have the first report within yards of my desk, and the structure is substantially unchanged. Despite the noble Lord's feelings, I hope that we have built up a reputation for diligent scrutiny and for evidence-based, balanced and thoughtful inquiries. We get a steady stream of visitors from across Europe asking what we do, why we do it and the conclusions we have reached. The committee is clear already that we should use the opportunity presented by the referendum to undertake a fundamental and challenging review of our scrutiny model. If people vote to leave the EU, it is self-evident that fundamental change will be inevitable. We would need to ensure proper parliamentary oversight of the withdrawal negotiations and the terms of any new relationship with the European Union. As long as we remain in the European Union, possibly for several years, we will need to maintain a continuing scrutiny function. If, on the other hand, the electorate vote to remain, we are minded to use the opportunity to launch a thorough review of our scrutiny model.

The European Union has changed almost out of recognition since we joined in the 1970s. It is a Union of 28, rather than nine, member states, with a directly elected European Parliament which acts as a co-legislator in the majority of cases. The United Kingdom has

also changed with the creation of devolved Administrations in Scotland, Wales and Northern Ireland and their associated parliamentary Assemblies or Parliaments. We need to ask whether a system of document-based scrutiny devised in a pre-internet age is still appropriate. Clearly, the European Union continues, and will continue, to exercise a profound influence on the UK, and it is right that the House should devote proper resource to its scrutiny. I hope that our work is helpful to the House as a whole. But as a committee we are determined to move with the times and ensure that our resource is not wasted but is used as effectively as possible, whatever happens in the referendum.

It happens that the noble Lord, Lord Pearson, has not participated in debates on our reports in recent times, to my memory. He has confined himself to criticising the committee in the media, alongside his traditional and, I am sure, welcome contributions on occasions such as this. I regret that he has not done more. However 23 June turns out, we will need collectively to pull together, as a society and indeed as a House, to heal wounds and to move forward. I sincerely hope that once the referendum is out of the way, he will work with us in reflecting collectively on how, in a changed world, this House can most effectively perform its vital and, I think, continuing task. I hope that is helpful. We are conscious of his sensitivity and we hope to be helpful to the House as a whole.

**The Chairman of Committees (Lord Laming):** My Lords, I am grateful to the noble Lord, Lord Boswell. Perhaps I can try to offer a little crumb of comfort to the noble Lord, Lord Pearson. These committees have been scrutinising thousands of documents a year. If we did not have these committees to do this job, the noble Lord, Lord Pearson, might have even greater concern. I beg to move.

**Lord Pearson of Rannoch:** My Lords, perhaps I might reply briefly. The noble Lord, Lord Boswell, implied criticism of my not participating in debates on these reports. I have to say that that is because I see that they have so little effect in Brussels, as I mentioned. I do not think that the noble Lord, Lord Boswell, or indeed the Chairman of Committees, can give your Lordships more than one or two examples of all the thousands of documents they look at where we have actually changed policy in Brussels.

*Motions agreed, and messages were sent to the Commons.*

## Queen's Speech Debate (5th Day)

3.47 pm

*Moved on Wednesday 18 May by Lord King of Bridgwater, as amended on Monday 23 May*

That an humble Address be presented to Her Majesty as follows:

“Most Gracious Sovereign—We, Your Majesty's most dutiful and loyal subjects, the Lords Spiritual and Temporal in Parliament assembled, beg leave

[LORD KING OF BRIDGWATER]

to thank Your Majesty for the most gracious Speech which Your Majesty has addressed to both Houses of Parliament, but regret that the gracious Speech did not include a bill to protect the National Health Service from the Transatlantic Trade and Investment Partnership”.

**The Commercial Secretary to the Treasury (Lord O'Neill of Gatley) (Con):** My Lords, it is a privilege to open this debate following Her Majesty's gracious Speech last week. I thank in advance my noble friend Lord Ahmad of Wimbledon, who will be wrapping up the debate later today.

It has been a year since I had the honour of joining Her Majesty's Government. In fact, it was the occasion of Her Majesty's Speech that allowed me to deliver my maiden speech before noble Lords last year. That day, I spoke of my determination to put an end to the underperformance and wasted talents of our towns and cities beyond the capital, especially in the north. I said that I wanted to help the UK make the most of our relationships with the most important emerging economies across the globe. I also said that I would be continuing the work I started before I joined the Government to establish how the world ought to respond to the stark threat posed by antimicrobial resistance.

The rise of superbugs resistant to our current drugs is a huge problem, and one that is getting worse. If we do nothing, the human and economic costs will be dreadful indeed. In fact, as we have shown in our review, by 2050 superbugs could kill 10 million people a year—the equivalent of someone dying every three seconds. I am delighted to inform noble Lords that we published the recommendations of this review last week, setting out not only the areas where we need to take action but how we can pay for it. So on all these fronts, without doubt it has been a busy year for me.

The views of your Lordships—including at times robust ones—have been of considerable assistance to me throughout, because the issues that we have debated and discussed in this House are ones of genuine complexity. As noble Lords will be aware, there are no silver-bullet responses to such critical questions as how best we can strengthen our economy and plan ahead for the future. So I look forward to the discussions we will have over the course of today, and indeed this year.

I now turn to the measures set out by Her Majesty the Queen last week to reflect the determination of this Government to follow an economic plan that will lay the groundwork for the long-term good of the country. For me, there are three main parts to that plan. First, we need to strengthen our economy to guard against future shocks. To do this we must not only bring public finances under control but address some of the more persistent and enduring challenges we have faced in the UK, such as low productivity growth and our current account deficit, which I touched on earlier.

Secondly, we need to make the right investment choices now to keep our economy growing over the coming years and decades. Thirdly, we must continue

to do more to give everyone in this country the opportunity to do well at all stages of their lives and in all parts of the UK.

Today we have the chance to take a broad look at the Government's plans to achieve these three aims, particularly during the next legislative session, as we look at some of the measures being taken forward by the Treasury, the Department for Transport, the Department of Energy and Climate Change, the Department for Environment, Food and Rural Affairs, and the Department for Communities and Local Government.

I will start with the very foundation of our strategy for the future: the Government's work to fix the public finances. There has been clear progress to date. The deficit as a share of GDP was at its post-war peak in 2009-10. The independent OBR currently forecasts that the deficit will be eliminated by 2019-20, so the UK can go into the 2020s with a surplus. However, despite the considerable deficit reduction achieved, our debt to GDP ratio still stands at a very high level—indeed, its highest level since the late 1960s—at 83.7% of GDP. Reducing this figure is important, and therefore aiming for a surplus remains the most sensible fiscal policy to prepare for the inevitable future economic shocks that will come our way.

This Government have repeatedly stated their commitment to making sure that we live within our means. That is why spending has been reduced to 40% of our GDP in 2015-16, compared to 45% in 2010-11. Welfare savings of £12 billion are being delivered, and a further £3.5 billion of efficiency savings will be made by 2019-2020 to make sure that the public get the highest possible value from every pound that is spent.

But while it is important to keep spending under control, that is only one part of a sensible economic plan for any country, ours included. On its own it is no guarantee of long-term security and prosperity. It is equally critical that we invest where investment is needed, and put the policies in place now that will unlock growth in the future. Indeed, we are accelerating capital expenditure of £1.5 billion to make sure that the public start to see the benefits of our investment somewhat earlier. We are also legislating to put the independent National Infrastructure Commission on a statutory basis. This will play a crucial role in setting out a clear vision of the future infrastructure needed to ensure that our economy is fit for 2050.

Beyond that, it is also worth summarising the main ways in which the Government are investing in the future. First, we are rebalancing the economy. Your Lordships will know by now, I hope, how strongly I believe in the importance of rebalancing our economy, so it will come as no surprise when I turn first to our plans to develop the northern powerhouse and the Midlands engine for growth, because I am clear that accelerating regional growth is one of the best policies to deliver game-changing benefits to the entire UK. That is why we are so focused on the north and Midlands.

We are making record levels of investment in the transport networks of these regions: over £18 billion in this Parliament. Let me add—I touched on this earlier in Oral Questions—that there are increasing

signs of overseas private investment in infrastructure in those regions of the UK. We are also setting aside well over £0.5 billion to help small and medium-sized businesses. We are creating more enterprise zones, which have already attracted thousands of jobs and more than £1 billion in private sector investment. We are funding new flood defence schemes and improvements in educational attainment.

Secondly, I will touch on devolution, which is closely associated with this.

**Baroness Jowell (Lab):** On the Minister's point about educational attainment, does he accept that readiness for school in young children is one of the key indicators of subsequent achievement? Does he share my concern that, last September, 40% of children starting primary school for the first time were deemed to be unready for school? That is the most likely predictor of subsequent educational failure. Will he share with your Lordships' House how he intends to address that as part of the wider commitment to maximising educational attainment?

**Lord O'Neill of Gatley:** My Lords, the noble Baroness raises a very interesting point which should perhaps be discussed later or looked at in a separate debate in this House. I would say that there are considerable data about many challenges here. Specifically as it relates to the northern powerhouse, for example, an interesting oddity in contradiction to that piece of evidence is that primary school attainment in places such as the north is not so dissimilar to that in London and the south-east. It is at the secondary level of education where the relative gap emerges. That is a topic worthy of considerable discussion in this and the other place.

Let me return to the issue of devolution. It is important not just in terms of what we spend or how we spend it but what we do to give local leaders more influence, along with greater accountability. Your Lordships will have followed the historic devolution deals and will know of my great personal involvement in them. We are very proud of that over the past 12 months in cities across the UK. At its highest level, that means that we are introducing elected mayors, including in my own home city area of Greater Manchester. Elected mayors are important because they provide the accountability needed if the fullest level of devolution is to be granted. This remains the Government's direction of travel. The local growth and jobs Bill will allow the local government sector to retain 100% of its business rates to boost growth in local areas, with the Greater London Authority, Liverpool and Manchester piloting the way forward.

Transport is another essential way to prepare for future growth: making sure that we have the transport infrastructure in place that will support and enable it. In this Session, we will see the passage of the HS2 Bill through this House, following its receipt of a resounding majority in the other place.

Passenger demand for rail has more than doubled since privatisation in the 1990s, and it has risen even faster on certain popular intercity routes. So by linking London with the major cities of the north and Midlands, and freeing up considerable capacity on the existing rail network, HS2 will give us the space that we need

to meet growing travel demand, which could not be possible through upgrades to existing lines alone. We have also given the green light to dramatically improving train journeys between Leeds and Manchester.

We will improve our buses through the Bus Services Bill. This will tie into our devolution agenda by giving more powers to local authorities to set the standards of service in their areas, as well as better informing passengers. Lastly, the modern transport Bill could change the face of transport both for the individual person and for our businesses. Whether that is the development of commercial spaceports, getting driverless cars on the road, or enabling deliveries by drones, this is a Bill which will support the emergence of exciting, cutting-edge technologies.

As I also mentioned, it will all be about helping people to get on in their lives. That is the final aim that I would like to touch on. From childhood, through their working lives and on to retirement, our aim is ultimately to help British people to get on in their lives. That means building our economy based on lower taxes, helping people to take home more of what they earn. That is why, of course, the personal allowance has been increased to £11,500 and the higher rate threshold will rise to £45,000 in 2017. Over the course of this Parliament, those measures will take over 1 million taxpayers out of income tax, and will see over 500,000 fewer people paying the higher rate.

This year also saw the national living wage come into effect, which will benefit over 1 million workers, with a full-time national minimum wage worker earning £900 more a year. We also want to provide better choice and flexibility over saving, as well as more incentives to do so. The lifetime savings Bill will introduce the lifetime ISA to help young people in this country to save for their future. It will also bring in another important government-backed savings scheme, help to save, designed to help people on low income save for a rainy day.

Her Majesty's Speech also outlined our commitment to investing more in the health of our young people. Sugar consumption is a major factor in childhood obesity, and our soft drinks industry levy will mean more funding to support things that will help, not harm, young people, whether that means more money for physical education in schools, or getting children to have a nutritious start to the day at a breakfast club.

Lack of housing remains an important issue for people in this country, and we are investing billions in housing over the next few years, including in what will be the most ambitious affordable housing programme since the 1970s. The neighbourhood planning and infrastructure Bill will also be a crucial reform to building new homes, not only speeding up the planning process but giving local areas more of a say about planning decisions that will affect their neighbourhoods.

We also want people to have more rights as customers. That is why the better markets Bill will introduce legislation that will not only open up our markets and boost competition, but also give people more power and choice to switch between, for example, energy providers, as well as more protection when things go wrong.

[LORD O'NEILL OF GATLEY]

Finally, as noble Lords will be aware, grass-roots charities often perform a vital role in extending the support and help people need to get on in life. To support them in raising the most money they can to do this, we will be reforming the gift aid small donations scheme through our small charitable donations Bill, making it easier for new charities, as well as smaller charities, to get the funding that they deserve.

In conclusion, we will continue to take action to ensure security, sustainability and strength in our economy for the long term. That rests, without doubt, on our work to control public spending, but it is equally dependent on the success of our work to rebalance the economy, put in place the infrastructure we will need in the future and help people get on in life. The legislative programme for the next parliamentary Session, as Her Majesty's gracious Speech set out, represents important steps forward in achieving these aims. I look forward to hearing noble Lords' comments and views on them throughout today's debate.

4.05 pm

**Baroness Jones of Whitchurch (Lab):** My Lords, it is a great pleasure to follow the Minister's contribution to the debate on the gracious Speech. As we would have expected, he has put the best spin on some rather thin pickings in the Government's legislative programme, and although I would not expect him to admit it, I guess that he is a tad embarrassed at the lack of vision and depth in the Bills that we are considering today.

Our country is facing huge challenges economically and environmentally. Economically, we are clearly not immune from global market turbulence, but we can take steps to mitigate its impact. Sadly, the Chancellor seems incapable of the strategic interventions that are necessary to do so. As a result, all the key indices—growth, wages, investment and productivity—are being revised downwards. We are failing to capitalise on the weak pound, which should make exports more attractive, and at the same time manufacturing and construction outputs are down. Worryingly, we are becoming too reliant on the rise of debt-fuelled consumption to prop up domestic demand, with all the inherent risks that we know too well. Even the Chancellor's own measure of success—he pledged to balance the books by 2015—rarely gets a mention these days, since it has proved to be an elusive failure. It is no wonder that the latest polls show that the electorate no longer trusts the Chancellor to manage the economy effectively.

This Queen's Speech represents a missed opportunity to tackle some of the underlying causes of our economic woes. Rather than relying on long-term austerity, we need a proper investment strategy that delivers the infrastructure, skills and technology to create our high-wage, high-tech future. At the same time, we need to address our overreliance on financial services and their long-overdue need for reform. The truth is that despite the lessons of the financial crash, the banking sector is continuing very much with business as usual: risky loan packages are creeping back on the market, bankers' bonuses are hitting eye-watering volumes again, and the race is on for quick profits at the expense of long-term investment. My noble friend

Lord McFall made a profound speech on this subject in your Lordships' House recently in which he catalogued how the banks have been impervious to the fines and the redress handed out for their wrongdoing and have carried on paying out their megabonuses regardless. Do the Government accept that this Queen's Speech represents a missed opportunity to tackle that abuse?

At the same time, we have seen the owners of BHS asset-strip the heart out of it, leaving the government-run Pension Protection Fund to bail out the pensions of the staff. The fund was never intended to be used in that way, but this is not the first time that a company has torn up its pensions obligations in the race for quick profits, so what are the Government now doing to tackle this abuse?

We were all appalled at the levels of tax avoidance revealed in the Panama papers. They exposed the fact that for many wealthy individuals and businesses paying tax has become a choice not a necessity, and that all too many are simply choosing not to pay. Clearly there is an urgent need for action on this. The latest figures from HMRC put the gap between what is owed and what is collected at some £34 billion, yet the staff have neither the resources nor the enforcement powers to intervene. While we welcome the measures to hold corporations to account on tax evasion, it is clear that we have a long way to go to tackle it effectively. Sadly, on this issue, as with so many others, the Queen's Speech represents a missed opportunity. Although we welcome the lifetime savings and the soft drinks levy included in the programme, it is rather more a case of what might have been.

A similar theme applies to the environmental aspects of the speech, or should I say the lack of them? Last December saw a historic agreement in Paris to limit global warming to two degrees, with an aspiration of 1.5%, by cutting carbon emissions. By all accounts, our Secretary of State, Amber Rudd, played an important role in delivering that deal. Each country is to have its own plan to deliver the commitments made, but, sadly, since that time the Secretary of State has been strangely quiet. In fact, the measures introduced both before and after Paris have reversed our previous progress and stifled emerging renewable technologies. So it would appear that either she has been lent on or she has had a failure of courage in these areas. Either way, it seems an incredible shame that we are failing to grasp the opportunity to tackle the causes of climate change head-on as well as showing leadership to the rest of the world on this issue.

Climate change is only one of the big global environmental challenges that we are ducking. Globally, we are running out of resources: our natural capital is being depleted; supplies of water, forests, fish and biodiversity are in decline; and global food supplies are coming under pressure from global populations, migration to cities and the impact of climate change. At the same time, one-third of all food produced globally is being wasted, with food waste adding 8% to global carbon emissions as well. These are not just global figures; they matter to us here in the UK. Food security has become more important, but our self-sufficiency has dropped from 80% to 62% and continues to fall.

UK agriculture contributes £9 billion to the UK economy, but farm incomes are dropping and, as we know, many dairy farmers are going out of business. Sadly, a small number of powerful retailers and food producers are squeezing the life out of the farming sector. Of course, we know that our membership of the EU is crucial for protecting the environment, providing support to farmers and designing out waste, but there is much more that the UK Government could be doing, such as investing in agricultural research and technology, curtailing the stranglehold of business over farm prices and encouraging resource efficiency. There is also a need to tackle poor diets, raise awareness of the public health benefits of changing eating habits and improve food labelling to encourage consumers to buy British products. Sadly, apart from the specific sugar tax, none of those challenges are addressed in the legislative programme today.

Meanwhile, the Government also seem intent on ducking a rather urgent environmental and health crisis that is killing thousands of people each year. Last year, the charity ClientEarth successfully took a case to the Supreme Court on air quality. The court ruled that the UK Government had breached the Clean Air Act and instructed them to fulfil their responsibility. Defra's subsequent lack of a coherent response will shortly see them back in court. In contrast, London's new mayor, Sadiq Khan, has made this issue a priority, doubling the size of the clean air charging zone and bringing it in earlier than planned.

The ability to show what Labour can do to improve the economy and the environment locally is one reason why we support moves towards further devolution. That is why we welcome the concept of the local growth and jobs Bill, but although we support the local retention of business rates, the Government have failed to explain how that will be done fairly. We also welcome the new powers to enable councils to regulate bus services and stop their long-term decline. However, the truth is that this Government's cuts to local government have hit the most deprived areas hardest. Piling on more responsibility without the necessary funds will simply cause further suffering and hold communities back. We also expect to see more than just rhetoric when it comes to supporting the northern powerhouse. The reality is that the infrastructure projects continue to be concentrated in the south rather than the north.

Finally, the gracious Speech has some rather thin offerings on one of our biggest challenges: the lack of affordable homes in this country. The Government know that they are nowhere near meeting their ambition of building a million new homes, and the neighbourhood planning and infrastructure Bill offers no real solutions to the housing crisis. Under this Government, the number of families accepted as homeless has risen by a third and rough sleeping has doubled. There are over 200,000 fewer home-owning households and the supply of social housing is being squeezed. The proposed privatisation of the Land Registry is wrong on so many different levels that it is difficult to know where to start. We will of course have the opportunity to set out our objections in more detail during the passage of the Bill.

We look forward to the coming months and to scrutinising all the Bills in detail. As ever, we will be constructive and collaborative where we can, and we look forward to working with noble Lords from around the Chamber.

Finally, I, too, look forward to the contributions today, and I have particular pleasure in welcoming the right reverend Prelate the Bishop of Newcastle to the debate. I look forward to her maiden speech and to the very particular perspective and wisdom that she will bring to the work of the House in years to come.

4.16 pm

**Baroness Bakewell of Hardington Mandeville (LD):**

My Lords, I am delighted to be taking part in today's debate on the gracious Speech, and I, too, look forward to the maiden speech of the right reverend Prelate the Bishop of Newcastle.

Like many other noble Lords who have spoken during this four-day debate, I felt that the Speech was sadly lacking in the Government's aspirations for the country in the next 12 months. It is unfortunate that the in/out campaign appears to dominate all aspects of our daily lives, not least where the Government are concerned. Nevertheless, this is a momentous decision which will affect us all in years to come one way or another. I fully support the campaign to remain in Europe but surely it should not freeze us into immobility. We should all have ambitions for our country, regardless of whether we are in or out of the EU.

We have only just dispatched the Housing and Planning Act, which included an element of neighbourhood planning, but here we are, about to debate this subject again. I now realise why the Government were reluctant to give neighbourhood plan communities the right of appeal, even on a very limited basis. However, what better way is there to strengthen these communities than by giving them the right of appeal?

I understand the housing crisis. How could I not? It is all around us. With 1.6 million people on local authority waiting lists, one can hardly claim that there is no housing crisis. It is important that we encourage developers and builders of every size and at every level to begin to tackle this problem. Housebuilding and infrastructure are inextricably linked. This infrastructure must include consistently reliable flood-prevention measures. The cost of installing such measures at the point of construction is minuscule compared to the cost of clear-up after a major flood. It is not helpful to focus only on the costs to the developer of flood prevention. These costs must be weighed against the emotional turmoil to those affected by flooding and the astronomical costs of clear-up to local authorities, the Environment Agency and insurance companies and the resulting bad press received by the Government for failing to act adequately in the first place.

Planning conditions are the perceived bugbear of the developer and builder but the safeguard for those affected by large-scale developments. Infrastructure, access, materials, design and layout are all an integral part of ensuring that the much-needed housing development does not have an unnecessarily negative impact on its surroundings and its neighbours. This

[BARONESS BAKEWELL OF HARDINGTON MANDEVILLE] will be particularly true for garden cities and towns. All will need to live together in harmony once the development is completed.

While it is undoubtedly true that in some cases pre-commencement conditions can slow down the planning process, it is not true in all cases. The most useful way forward for any applicant is to have pre-application discussions, which provide an invaluable insight into what is expected on the part of the applicant and find favour with the legitimately elected councillors who will consider the application in due course. The canner in the development business will understand this and carry out pre-application public consultations. However, the more bullish will choose to ignore this, put in their application and then express anger and hostility when their application is refused. Conversation is undoubtedly the best way forward.

Pre-commencement conditions are, in my opinion and experience, imposed not to deliberately thwart a developer but to try to safeguard those working on site, ensure the smooth flow of traffic while development takes place and ensure that, once finalised, those occupying the dwellings have the necessary facilities available to them from the moment they move in, not some years into the distance. There is a balance to be struck. It is no use pushing ahead with a development where the implications have been poorly thought through simply to get the houses built in the shortest possible time, only to find that there are major obstacles that could have been foreseen and catered for. Retrospective consideration invariably leads to additional costs.

Finally, I turn to the section on homebuilding. The list of facts and figures is impressive. I note that the largest private housebuilders will be doubling their output by 2019. I hope that in the process they do not throw design and space standards out of the window. We have all heard stories of rooms being reduced in size to such an extent that bedrooms no longer accommodate a double bed, or of sitting rooms being too small to allow for even a two-seater settee. Quality must be balanced against quantity.

I am concerned at the lack of any mention of affordable social rented housing. The Government prefer instead to concentrate on the private rented sector. For those not able to buy their home or afford rents in the private sector, social housing is the only option. I welcome the Renters' Rights Bill, sponsored by my noble friend Lady Grender. This will be a lifeline to many thousands of tenants up and down the country.

Time prevents me speaking further but, as in all things, the Government should expect robust scrutiny of their proposals for local government from me and my colleagues on these Benches.

4.22 pm

**The Lord Bishop of Newcastle (Maiden Speech):** My Lords, the theological understanding of grace is of the love and mercy given to us by God because God desires us to have it, not because of anything we have done to deserve it. In these early days in your Lordships' House, it is grace that I have experienced—wonderful kindness and a warmth of welcome from your Lordships,

the staff and all who work in this place. It has been entirely undeserved but a truly heart-warming experience. It will be no surprise to your Lordships that one of the loveliest and warmest welcomes came from the late Lord Walton—a fine and godly man, and a distinguished son of the north-east.

I grew up in the 1950s on a large London overspill council estate. In those large sprawling estates there were precious few community facilities and the school I attended had two classes of 45 children in each year group. The life chances of many growing up on that estate were very limited. Out of the 90 children in my year group, only 10 went to grammar school.

Two things were key in supporting me through those childhood years. The first was to be fortunate enough to be born into a loving family and the second was to be blessed by some truly inspirational, vocational teachers, who gave so generously of their free time to expand our horizons above and beyond the ordinary. One of those teachers was Mrs. Boyd, who started a debating society at our school. She had a passion for the art of debating and wanted us to catch that passion. Her sister, the late Lady Birk, had just been introduced to the Lords as one of those pioneering early women life Peers. Through Lady Birk's good offices, Mrs Boyd brought our little debating team to this place to inspire us by witnessing debating at its best. How could I have imagined, as a 16 year-old girl up in that Gallery, that one day I would find myself making a maiden speech in your Lordships' House?

I have the privilege of being the 12th Bishop of Newcastle. I would like to pay tribute to my predecessor, Bishop Martin—a fine Bishop and one of the longest-serving Bishops in your Lordships' House. I will do my best to be a worthy successor, with the important exception that I will probably spend slightly less time in the smoking shed.

My diocese stretches from the River Tyne in the south to the River Tweed in the north and encompasses the city of Newcastle, North Tyneside and the county of Northumberland, together with a very small area of eastern Cumbria and four parishes in northern County Durham. Newcastle diocese is wonderful, with extraordinary contrasts: from the vibrant regional capital of Newcastle upon Tyne, with two world-class universities and 50,000 students, to the remote hill farms, some still without mains electricity and water; from the Northumberland Church of England Academy with 2,500 students in Ashington, to our smallest Church of England school on Holy Island with just four children. We have the stunning Dark Skies at Kielder and the bright lights of the big city, alongside places of pilgrimage such as Holy Island—or St James' Park. The beauty of my diocese takes my breath away.

The gracious Speech emphasised the importance of increasing life chances for the most disadvantaged, supporting economic recovery, creating jobs and apprenticeships, and creating the kind of infrastructure that businesses need to grow. All these issues are absolutely key to economic and human flourishing in the north-east. The issues around the development of the northern powerhouse are also of great significance. I therefore warmly welcome the commitment from the noble Lord, Lord O'Neill, earlier in this debate to regional growth in the north and the Midlands.

The people of the north-east are warm, hospitable, proud and resilient. Our workforce is famed for its loyalty, with a very low staff turnover. The north-east is not a problem to be solved by the rest of the country but an asset to be valued. We are one of the very few parts of the UK with a surplus of both water and energy. Rather than transporting these vital resources to other parts of the country, we should be looking to relocate water-intensive and energy-intensive businesses to the north-east. We are the only region in the UK with a consistent positive balance of trade and we export nearly a third of everything we make and do.

As I have journeyed around the diocese in my first five months, I have seen more signs of hope than I have time to talk about. Let me give just one example—Port of Blyth. Blyth, on the coast in the south-east corner of Northumberland, is one of the most deprived areas in the whole of England. With the closure of the Alcan Lynemouth aluminium smelter in 2012, the future of the port looked bleak. But with great leadership, a determination to find new trade and a policy of recruiting local young people who stay, Port of Blyth is now facing an increasingly optimistic future. It has just announced record results for 2015, with a doubling of pre-tax profits to £1.2 million.

Human flourishing in all its forms, including economic flourishing, depends above all on our most precious resource: our people. If these signs of flourishing are to be sustained and grow, we need the commitments in the gracious Speech to be made real in everyday lives. The most important of these commitments is to our children. There are many areas of poverty in the north-east, Blyth among them, where children's life chances will continue to be curtailed without the determination and ambition to give such children the start in life that they deserve.

As I experienced so powerfully in my own early life, education can be absolutely transformative. Northumberland is the most sparsely populated county in England, so it is not surprising that our schools are inevitably among the smallest in the country. I therefore warmly welcome the commitment in the education White Paper to provide sparsity funding for every single small rural school, but I hope that this will not be at the expense of schools in urban areas. We need to support schools in all disadvantaged areas if the commitment to life chances is to be realised. That is made very clear in the report on northern schools issued this week by the IPPR North and Teach First, where the gap in secondary education for disadvantaged children is particularly highlighted.

The northern powerhouse will be anything but unless there is a 100% commitment to adequate funding—funding for education, apprenticeships and the infrastructure that the north-east needs. It would be this kind of vision and commitment that would make a real difference.

4.31 pm

**Lord Palmer (CB):** My Lords, I am delighted and honoured to congratulate the right reverend Prelate the Bishop of Newcastle. My only qualification in doing so is that I live just 10 miles out of her wild and wonderful diocese just across the border from her

most northern outpost in Berwick-upon-Tweed. Her diocese could not be more different from her last post in Lewisham. As she said, her predecessor was a much-loved, respected and active Member of this House and I feel certain that she will follow in his illustrious footsteps.

The right reverend Prelate has long been influential in Church of England legislation and, coincidentally, I discovered an hour ago that she was ordained in the same year as my female first cousin. We share the same year of birth and I greatly admire the way that she has completed successfully the London Marathon no fewer than three times. Now that she lives in the north, she will have further opportunities to take part in the Great North Run. It was a real pleasure to listen to her pearls of wisdom, and on behalf of the whole House I congratulate her most sincerely on a first-rate contribution this afternoon.

**Noble Lords:** Hear, hear.

**Lord Palmer:** If I were to declare all my interests, it would take up all of my advisory time. I therefore refer noble Lords to the register of interests. I was distressed that there was no mention of agriculture in the topics to be debated in the gracious Speech. I have been involved in the food industry all my walking life—Hansard, please take note. I try to farm in the most beautiful part of the United Kingdom, the Scottish Borders. I took on a staff of 17 and I am now farming a bigger acreage with just three men, all of whom were born and brought up on the farm. We live in a crazy agricultural environment, with bottled water being more expensive than milk. This is surely utter madness.

From 1986 to 1991, I was appointed to represent Scotland on the European Landowners' Organisation. I was never quite sure why, but I did live and work in Belgium for three years and I have seen how the European Union works. I am often asked how I will vote in this dreaded referendum and I have replied so far that I change my mind every five minutes. I fear that I am not alone. I believe strongly that the Union worked well when its membership was smaller, but now, with 28 members, it is far too unruly—and how on earth can it evolve a policy or policies that apply to the Greek islands and the Outer Hebrides, both with such different climates, let alone cultures? I believe strongly that there is a strong case to get rid of the Union altogether—but that is another story.

The commissioners are unelected and accountable to no one. When they retire, they get huge pensions, and if they are British, they are more than likely to end up with a seat in your Lordships' House. That is not an indictment of the individual but of the actual system. It is also an utter scandal that the Commission decamps from Brussels once a month to Strasbourg.

The distribution of the single farm payment to farmers in England and Wales, and indeed Scotland, is another unacceptable scandal. It is causing real hardship for those of us who are affected. My children reminded me that 25 years ago the telephone rang constantly during lunch at harvest time and I was once offered all those years ago £165 a tonne for low-nitrogen malting barley. Oh, to be offered that for this harvest. Wages

[LORD PALMER]

have gone up by 193%, while inputs across the board have more than doubled in those 25 years. While I accept that yields per acre have gone up slightly since then, the right weather at the right time can make up to a tonne per acre difference. That is not good management; it is pure luck.

I have a friend who telephones me on Christmas Day to ask if we have started the harvest. The difference between conditions north and south are huge, and in my part of the world, grain drying costs greatly exceed those for farmers in the fertile Thames Valley, where I was born and brought up. It is too early to tell what effect the new living wage is going to have on commodity prices and I know that this is a great worry for many of those involved in the agriculture and horticulture industries, especially—this is a very important point—those who signed contracts with retailers before the new living wage was introduced. I fear that it could well prove to be disastrous for many.

Food today is incredibly cheap. Fifty years ago, 40% of the national wage went on food, while today it is just 11.1%—a huge difference. We now have strong scientific evidence from the president of the UK science body, the Royal Society, that GM crops do not endanger every living human and plant, and I urge Her Majesty's Government to pursue the future of GM crops with the same vigour as China and the United States have done for the last 20 years.

I turn finally to energy, and here I declare an interest as co-chair of the All-Party Parliamentary Group on Energy Costs. When I was last in the United States of America, I had the chance to have a teach-in from one of the largest Texan frackers. If fracking is undertaken under a very strict code of conduct, as indeed it is in Texas, I am utterly convinced that it will be a safe and reliable source of energy for future generations. It is pleasing that the green light has been given to fracking in North Yorkshire.

In many ways, energy and the environment are facing challenging times and I hope that the Government will seize these opportunities before it is too late.

**Viscount Younger of Leckie (Con):** My Lords, it may be helpful for the House to be reminded of the advisory speaking time of six minutes for today's debate. If noble Lords adhere to the time, the House may be expected to rise at or around 10 pm.

4.38 pm

**Lord Young of Cookham (Con):** My Lords, I follow the noble Lord, Lord Palmer, in paying tribute to the maiden speech of the right reverend Prelate the Bishop of Newcastle. It was a positive and moving speech which underlined the importance of committed parents and teachers if one is to improve the life chances of a child. We look forward to her future interventions in our debates.

I welcome the broad thrust of the Queen's Speech which, with measures on probation and adoption, seeks to build a reputation for this Government for social reform to match that of the previous Conservative Government of the 1980s on economic reform, but that reputation will be further enhanced if more progress

is made on one of the key responsibilities of local government: housing, which has already been touched on. I very much welcome the measures that have already been taken to increase supply, but there was hope that there would be a commitment to legislation on homelessness in the Queen's Speech following the interest shown in this recently by DCLG Ministers and following the welcome ring-fenced funding provided in the Autumn Statement.

Homelessness is sadly on the increase and the law as it stands creates a two-tier system involving people in "priority need", who are owed the full homelessness duty, and those who are judged not to be and can be turned away with little or no help. This binary distinction is increasingly difficult to justify. The devolved Governments of Scotland and Wales are actually ahead of us here in England, having introduced reform to abolish that distinction.

In Scotland, priority need has been abolished which means that all homeless people are entitled to accommodation. The UK Government could learn from the progress that has been made and reform the law in England, as proposed by the housing charity, Crisis, and supported by the National Housing Federation. These proposals have been costed and the new duties to prevent and relieve homelessness would require an additional £43.9 million, to be offset by a £46.8 million reduction in spending. I hope that when he replies, my noble friend will be able to confirm that the prevention of homelessness remains a key priority and that legislation has not been ruled out.

A second housing issue is equally pressing: the challenge that faces supported housing. Last year, as part of the proposals to save money on welfare, the Government said that social rent should fall by 1% each year, with consequent reductions in housing benefit. This was very welcome for the Treasury and for tenants, but it had an impact on the financing of housing associations. I commend their response to the challenges that confronted them, because they reorganised their plans and managed to maintain investment in the mainstream programme. However, restrictions on housing benefit have a disproportionate impact on supported housing, which helps older people who want to remain independent, and victims of domestic violence, and probation hostels and homes for those with drug and alcohol problems, for which the running costs are much higher than for mainstream housing.

The imminent reduction of local housing allowances has also caused a critical problem. In response to representations on both sides of your Lordships' House, the Government deferred the impact of these reforms while they announced a review. In the meantime, this has had a chilling effect on investment in the sector, with local authorities reporting that substantial investment has been suspended and the viability of a number of organisations is in doubt.

In a debate in the other place in January, the Minister said:

"The future of supported housing matters, which is why my Department and the Department for Work and Pensions have jointly commissioned a fact-finding review of the sector. This will report by the end of March".—[*Official Report, Commons, 27/1/16, col. 288.*]

That review is still awaited and I hope that the Minister can confirm that a stable financial framework will be announced for this key sector of the housing market by the Summer Recess.

As I still have two minutes left, I shall make a slightly less serious point, which relates to the Government's vision for pollution-free transport. I declare an interest in that recently, I was incentivised by the Government to invest in an electric car for journeys that are too long for me to do on a bicycle. My problem with these cars is not range anxiety—Members of your Lordships' House are familiar with range anxiety, as we wonder how many more of life's milestones we will pass before our bodies run out of energy. The problem with electric cars is the infrastructure for charging the batteries.

If I refuel a conventional car at a petrol pump, it does not matter who owns the pump. I pay with cash or by credit card. But if I refuel an electric vehicle at a charging unit, I need a fistful of individual company cards because there are seven national schemes that own charging units and 12 regional ones, each with their own business model and membership card. This is nonsense. Owners should be able to pull up at any charging unit, pay by credit card and refuel. The Government have considerable leverage as they are funding the rollout of these charging units. So, will my noble friend who is replying to the debate make it his personal mission to rationalise the system, so that one card will keep me on the road instead of 19?

4.43 pm

**Lord Morris of Aberavon (Lab):** My Lords, as a presumptuous new MP, I commented in the Queen's Speech debate in 1959 on the need for a bypass to serve the area of Port Talbot steel and the south Wales economy generally. I return in tonight's debate to a greater issue: the whole future of the steel industry in Port Talbot, which is a vital part of the economy in south Wales. I am glad that the Business Secretary has found time to be present in Mumbai today, when fateful decisions may be taken, with whatever support Her Majesty's Government are able to give. That is in contrast with the role of union leaders and my successor but one as MP, Stephen Kinnoch, who were aware of the importance of the last board meeting in Mumbai. They are to be congratulated. They observed the first rule of Welsh politics: be there. The Minister's advisers seemed not to be aware of the speed of the developments revealed, or the Minister, regrettably, put his own diary and convenience first. I welcome very much the change in his priorities, and the presence of Carwyn Jones, the First Minister.

As a junior Minister, I supervised the writing of the White Paper to bring steel into public ownership. The main reason for public ownership was the cyclical nature of the market for steel, with years of plenty followed by years of famine, as in the Bible itself. Stability was essential for British steel production.

The first question for the Government to answer is: do they believe in the need for a British steel industry? Many years ago, believe it or not, this was challenged in the *Economist* magazine. If we do believe in that need, what should be the basis of decisions to ensure that British steel production continues in its various forms, and who should take them?

Secondly, how have we come to a position where the whole future of steel-making in Port Talbot is under threat? Is it because of Chinese dumping, the extra costs that British steel has to bear for energy, business rating, or some other reason? Has the Commission in Brussels acted too leisurely to meet the challenge of Chinese dumping which has developed over the years, or has there been lack of direction and rigour on the part of the British Government in making representations? How does the action taken in Brussels and here compare with that of the United States, which, we are told, has increased tariffs by more than 500% and doubled those on cold rolled steel from China? How significant is the EU's 16% provisional tariff? The Business Secretary is reported as saying that it would not be right for the EU to scrap the lesser duty rule. There it is. How do we compare with the States?

I wish the proceedings in Mumbai today well. I hope that we get something significant from them. But the problem of dumping will remain. What Port Talbot needs is a level playing field. Is it true that the Government have offered to pump in hundreds of millions by way of a loan and a 25% stake in the industry to avoid Port Talbot closing before referendum day? I marvel at how the approach of the referendum and the Government's need not to make enemies now is having such wide repercussions, including, mercifully, the emasculation of the Trade Union Bill.

One question of general significance remains: how do major companies—this is not the only one—amass huge unfunded pension liabilities without inhibition? This particular pension deficit seems to be a stumbling block for buyers. I welcome the reported comments of Community Union that there needs to be swifter and more robust action by the EU. I tried in this House, by way of a Question, to find out when the Government first took action. The replies were unimpressive. I was told:

"The government makes regular representations to the ... Commission".

The pleas of high energy users such as the steel and paper industries were not listened to in the past. How far is a balanced view being taken of a fair energy policy for high energy users, coupled with our obligations to prevent climate change? Surely the danger of destroying whole industries should not be ignored.

Lastly, how far has a business rate for Port Talbot steel militated against its economic survival? I thought the rating for the new harbour, the basis of Port Talbot's survival, had been fixed years ago. What happened in the intervening years? I hope the Minister will expand on his answers by letter to me, and will place that in the Library.

4.50 pm

**Baroness Featherstone (LD):** My Lords, first, I pay tribute to the right reverend Prelate the Bishop of Newcastle for her maiden speech. What a pleasure to be in this Chamber to listen to her. I could not agree more that when all else fails you in life, it is education that can transform your life chances.

Right now, countries are meeting in Bonn for two weeks of talks aimed at turning the historic Paris pact into a fully functioning reality. The recent Paris agreement

[BARONESS FEATHERSTONE]

set an ambitious new global target of limiting temperature rise to 1.5 degrees Celsius, and the United Kingdom must play our part in making that commitment a reality. That means strengthening our law by setting a new legally binding target to bring net carbon emissions to zero by 2050—a 100% reduction, rather than the current 80% reduction in net greenhouse gas emissions.

We need the Government to take this really seriously and to maintain the momentum towards a low-carbon, green economy that protects our environment and creates jobs at the same time. We also need the Government to ensure our energy security. Yet on both these counts, the Government are found wanting. The complete absence of even a mention in the gracious Speech of measures to tackle climate change speaks volumes. There is no recognition of the seriousness of the threat from climate change or the level of change that Britain must undertake for the Paris agreement to become a reality. If we are serious, Britain needs to be net zero carbon by 2050 without fail—not the 80% target agreed prior to the Paris agreement, which was more ambitious than many could ever have imagined. Quite frankly, 80% is no longer enough, given our ability to reduce emission levels compared to other countries.

Liberal Democrats would have put a zero-carbon Britain Bill into the gracious Speech to set a new legally binding target to bring net greenhouse gas emissions to zero by 2050, but from this Government there was not a word. Despite lip service about wanting to be the “greenest Government ever”, and Amber Rudd wanting to unleash a “solar revolution” and claiming glory for the Paris agreement, the reality has been a litany of anti-green actions: ending support for onshore wind power; sharply reducing support for other renewable technologies, including solar PV and anaerobic digestion; ending renewable energy’s exemption from the climate change levy; reducing the incentives to purchase low-emission cars; privatising the Green Investment Bank; scrapping the Green Deal with no replacement; weakening the zero-carbon homes standard; adding community energy to the list of sectors excluded from receiving tax relief; ditching the £1 billion budget for pioneering carbon capture and storage; ending the renewables obligation early—and on and on, most recently doing without a climate change envoy. That is not the sort of list you would expect from a Government genuinely committed to tackling climate change.

A key driver of tackling climate change must be the development of the renewable sector, not just for environmental benefits but for energy security, particularly in the light of the doubts about Hinkley, as well as jobs and economic prosperity. Yet instead of realising the business potential of renewables and becoming a world leader, the Government slashed subsidies at a stroke and undermined investor confidence, confidence that is crucial to our financial future. That will put progress back decades. They failed to commit to the Swansea Bay tidal lagoon, which is a crucial pilot for a new technology that could have a significant impact on our future energy needs. We need a Liberal vision for the future that puts sustainability at the very heart of every area of government policy: zero-carbon homes, which the Government failed to accept in the recent

Housing and Planning Bill; electric cars, buses and trains; and the encouragement of industry to reduce its carbon footprint by rewarding innovation.

My last point, which is crucial to tackling climate change, concerns Britain remaining in the European Union. This has been given little attention. There is no mention whatever of climate change in the booklet that was sent by the Government to all members of the public, yet the EU is the one part of the world that is actively trying to address this threat. The UK has been a leader in this effort, encouraging other countries to go further in their actions than they otherwise would have done. At least, that is what happened under the previous Secretary of State, Ed Davey. It will not be possible to fulfil our international commitments, ensure energy security, boost our economy and create jobs unless and until this Government remember their commitment to future generations and start delivering on their promises.

4.56 pm

**Baroness Young of Hornsey (CB):** My Lords, I welcome the right reverend Prelate the Bishop of Newcastle and thank her for her excellent speech. I very much look forward to her future contributions, especially on education.

I very much support those measures in the gracious Speech which are aimed at improving the experience of children and young people in the care system. I wish to raise some issues regarding local authorities and their responsibilities to care leavers. While I recognise that much of what I say will be of interest to the noble Lord, Lord Nash, the Access to Care Records Campaign Group is keen to make further headway with local authorities in their role as “corporate parent” and in recognising the key issues for care leavers when accessing their records. When the Access to Care Records Campaign Group uses the term “care leaver”, we are referring to people of any age in young, middle or senior adulthood. All share the experience of living away from their family in a state care arrangement provided by either a local authority, a voluntary agency or other forms of state care. As one person put it, “You never stop being a care leaver”.

In 2013, with the backing of the campaign group, I tabled an amendment to the Children and Families Bill which, although not included in the subsequent Act, led to a debate about the barriers that care leavers experienced when seeking their care files. In response, the DfE amended statutory guidance to local authorities in 2014, stating that they should support care leavers up to the age of 25 to access their care records. This includes providing clear, coherent information about how to access records and the support available, and having suitably trained and supervised staff. The revised guidance also states that these same fundamental principles should apply to older care leavers. We are grateful to the respective Ministers—Edward Timpson and the noble Lord, Lord Nash—and DfE officials for helping us make significant progress in this area of work. They committed to help the campaign group hold regional round tables to raise awareness of the new requirements placed on local authorities.

As a result of the sheer hard work put in by members of the campaign group, logistical support from the DfE and sponsorship from a range of partners, between June and September last year the campaign group held six round table workshops across England to explore the issues and dilemmas arising from providing care leavers with their records. The workshops were attended by data protection and information governance managers, social care and care leaving teams, legal advisers and care leaver support agencies. The aims were, first, to promote the statutory guidance on access to records and, secondly, to act as a forum for practitioners working on records access and their managers to share good practice. Key stakeholders, including the Care Leavers' Association, Ofsted, the ICO, the DfE, local authorities and various legal firms participated in these workshops, and a video made by care leavers about their experiences was shown at each one. Delegates were then invited to discuss different aspects of the issue and to generate solutions.

The round-table discussions considered a number of key areas and identified several key issues that needed attention. These were: legal parameters—differing interpretations of the law around access to records, particularly in relation to data protection, and the consequences of litigation; how to work more effectively together across departments; identification of the specific needs of care leavers; training and awareness; and redaction.

This last issue caused much comment and discussion because it seems that while the Data Protection Act was intended to be a liberating Act, it does not really have the flexibility and enabling capacity that is needed when it comes to care leavers seeking their records. We want to make sure that there is improved best practice for making redactions to those records. Generally it was agreed that the current data protection framework was not the best structure and was actually unsuitable for meeting the rights and needs of care leavers.

Other key issues raised were: an apparent lack of joint protocols between data governance officers and social care workers to develop professional practice; and decisions made about the redaction of information in care leavers' records appearing to be influenced by anxiety about breaching data protection legislation and the consequences of that, and possible future legal action against the local authority or care agency.

We made a range of recommendations, many of which I hope to pursue when we look at the children Bill later in the parliamentary year. I will briefly summarise some of them. We would like to involve Ofsted inspections more in the whole issue of accessing records and making sure that there is effective training for practitioners who have that responsibility. We want much more effective cross-departmental working in local authorities, aimed at sharing knowledge and expertise. Where redactions are necessary, a clear record of decisions made should be kept and an explanation given to the care leaver of why information has been withheld. It is not acceptable for care leavers of any age to come across a whole bundle of notes, most of which have been blacked out so they cannot read what is actually in there, with no explanation of why that

has happened. There are several other detailed recommendations which I do not have time to go into today.

Several people have already talked about life chances. It has been a big theme over the past couple of days. In my mind, a strong and positive sense of self-identity is critical to contributing to one's life chances. That is what care leavers need to be able to get from their records, no matter what age they are. When they make that decision to access their records, it has become a leap in the dark as to what kind of support they will get. Decisions about redactions in care leavers' records should therefore be audited for consistency and empathy with the needs of care leavers, which should be at the heart of this.

5.02 pm

**Lord Flight (Con):** My Lords, I add my congratulations to the right reverend Prelate on her warm and human maiden speech.

I welcome in the Queen's Speech the digital technology and pensions Bills and I hope that they will underpin what is needed in the two key areas that I will say a little about. First, the Government need to focus more on the need for and advantages of supporting UK digital ID for financial services, especially for areas such as pensions and in order to save people a huge amount of wasted effort in having to repeat AML requirements. Digital ID would benefit consumers by making it easier to manage their savings and investments; it would improve competitiveness by removing physical barriers to switching; and it has the potential to provide the whole foundation for the digitalisation of UK financial services.

The initial focus of ID digitalisation is to establish a secure store of basic client information to satisfy "know your client" and AMLC requirements. This is being led by the savings industry body TISA, and I declare an interest as a long-standing adviser to it. I ask the Government to take a greater interest and get a little more involved. There has been liaison with BIS, the Treasury and the Cabinet Office so far.

This leads to me to the second territory: savings and pensions. First, I repeat my hobby-horse point: what has been particularly wrong with the UK economy for 30 years, if not longer, is too low a rate of savings, which has led to investment and productivity being low. We now have a savings rate hovering around 3%, whereas I suggest that for an economy such as ours that it should average closer to 10%. We are, like it or not, in Macmillan's famous phrase, "selling the family silver". Half the buildings in the City of London are now foreign owned; most of the central West End is foreign owned. We will soon run out of things to sell. This is because overconsumption, along with inadequate saving, has produced a cumulative current account deficit of some £700 billion over the last 15 years, which has effectively been financed by selling assets.

Further to a Question earlier today, I am sure the Minister will agree that the size of the external current account deficit will depend on the government spending surplus or deficit and the savings rate. In a practical way, inadequate savings now mean that people are inadequately financed for their old age. I regard it as a

[LORD FLIGHT]

disgrace that this country, which 25 or 30 years ago was the leader in pension provision in the whole of the western world—much better than anywhere else—has somehow, under Governments of both parties, become one of the worst. That has been a function of a whole lot of mistakes, but it is definitely correct to identify overcomplication as one—Andrew Haldane's comments were extremely appropriate. The very complexity of pension funds is one reason why ISAs have prospered reasonably well.

I support the auto-enrolment measures and NEST, although the contributions are insufficient to provide an adequate income in old age. I would like to see much greater simplification, for example by restricting the tax credit to 20% for everybody but also by lifting the constraints on how much you can contribute and what your pension pot can be. At present, many of the better-off are simply ceasing to save because they have reached the tax limits on their pots. The other point I would make is that there is a growing unfairness between those who are fortunate enough to be in receipt of public sector pensions, which are still final salary in the main, and those in the private sector who have seen their pensions reduced to wholly inadequate levels.

Finally, there is the wider economy. I congratulate the Chancellor on having got this economy going, even though all those brilliant IMF economists who are now saying we must not leave the EU said then that he was completely messing up his economic policies. In fact, he got it right. But it is apparent that his plans to phase out the deficit are being hit fairly badly by a lower rate of economic growth than was projected. Rather sadly, we are still borrowing £72 billion this year; there has to be a more aggressive focus on putting the public finances on to a better basis.

I regard it as pretty horrific that this year, welfare will be about £270 billion—including some of the payments that go under other channels—health £145 billion and education £102 billion. That is 70% of total public spending, forgetting defence and other key areas. We are now spending £39 billion a year on debt interest. I do not believe that the sort of unlimited growth that has been occurring over the last 15 years in this area is going to be practical in the future. Some form of constraint will be unavoidable, to my mind, partly because the scope to raise taxes without damaging the economy is also pretty limited. So we need to get rid of constraints on areas that cannot be looked at for savings, and we will have to take a tougher attitude to reducing the budget deficit.

5.09 pm

**Lord Giddens (Lab):** My Lords, let me join the queue to congratulate the right reverend Prelate the Bishop of Newcastle on her terrific maiden speech and, I gather, on her athletic prowess. She is a very welcome addition to your Lordships' House.

A huge intellectual and policy-making revolution is beginning today across the world as the limitations of the efficient market hypothesis become evident. We have reached the limits of endless privatisation. The structural strains that we see everywhere, the rise of

populist parties, the sharp relative decline of the BRICs, about which the Minister knows a lot, and the accumulation of huge levels of debt in the advanced economies will demand profound revisions in our thinking and policy-making both globally and locally. I see very little sign that the Government have recognised the depth of this imminent intellectual and policy-making shift.

I shall speak of only one area where a great deal of innovative thinking is happening, which is the debate about reindustrialisation in the West. Rebalancing the economy, the march of the makers and the fabled northern powerhouse, which have been mentioned, are the Government's way of talking about this debate, yet very little flesh has been put on those bare bones. There is a reason for that, which is that the Government find it hard to come to terms with the need for active industrial policy.

The wiping out of large swathes of British manufacturing industry has been a disaster for many communities in the north and in parts of Scotland and Wales. The contrast with Germany is very telling. Only two days ago—sorry, two decades ago—manufacturing in Britain accounted for 22% of GDP—*[Interruption.]* Mr Mandelson calling.

**Lord Liddle (Lab):** Not at all.

**Lord Giddens:** Only two decades ago, manufacturing in Britain accounted for 22% of GDP compared to 23% in Germany. Today, in this country it has fallen to 9%, whereas in Germany the percentage is almost unchanged. It is a huge contrast. As we know, Germany has a substantial trade surplus, whatever you make of the UK trade deficit.

Reindustrialisation should be understood as an avant-garde process, not a reversion to protectionism. As I see it, three components are involved, although each interrelates with the other in a dynamic way—or ideally should do so. I shall put what I have to say as three questions to the Minister.

The first picks up on the speech of my noble friend Lord Morris. What lessons will the Government seek to learn from the travails of the British steel industry, specifically those involving Tata Steel, an episode whose outcome is still far from clear? Will the Government look simply to sell on whatever assets can be disposed of or consider developing a more rounded policy in which social costs are balanced against the economic ones and where longer-term strategies are involved?

Secondly, I think that I was one of the first people in your Lordships' House to talk about the reshoring debate in the United States several years ago: the idea of bringing back offshored industries to the US. That movement has had considerable success. Firms have been attracted back to their country of origin by a mixture of positive inducements and the fact that rising labour costs, especially in China, have reduced the benefits of offshoring. Has Reshore UK, set up by the Government, achieved anything of note? I have found it hard to find it, if so, and it seems pretty radically underfunded compared to its American counterparts.

Thirdly, and most importantly, some of the most significant advances across the world are happening in what has come to be called advanced manufacturing, driven in large part by the digitalising of production and distribution. Robotics, 3D printing and supercomputing power are the main forces involved. The promotion of advanced manufacturing has become a prime concern of the federal Government in the United States. A recent report of the National Science and Technology Council argued that the knock-on effects are absolutely huge. For each such manufacturing job created, 16 other jobs are established.

The authors of a new book on these issues, *The Smartest Places on Earth*, spent two years travelling through the United States and across Europe studying areas of industrial renaissance. They came up with remarkable results and speak of “turning globalisation on its head” through the emergence of new hotspots of innovation and job generation, many of them in rustbelt areas ravaged by outsourcing. Costs are being reduced not by cheap labour but by what they call smart production. Manufacture is being reinvented in quite a different guise from the past. The “rustbelt”, as they put it, has become a “brainbelt”.

No one knows at this point how transformative advanced manufacturing will turn out to be in terms of the overall economy. However, a key feature is that the traditional divisions embodied in orthodox economic statistics, between manufacturing and service industries, are being broken down. The puzzle about why productivity has not improved even as the pace of innovation grows might be elucidated here, since perhaps the established measures are becoming obsolete.

The UK does not brook large in the book to which I have referred, although other parts of Europe do, interestingly. The authors question the idea that EU countries are becoming industrial museums; they see them as the centres of an enormous amount of information. What strategies are the Government deploying to ensure that the UK is not once again left behind?

5.16 pm

**Baroness Randerson (LD):** My Lords, it seems that you wait years for a transport Bill and then three come along together. I congratulate the Minister on his powers of persuasion, as I know how difficult it is to insert Bills into the Queen's Speech. After the disappointment of last year, when we waited all year for a Bill on buses which never turned up, it is heartening to see that we will be off promptly after the recess with the Second Reading of the Bus Services Bill. As we will therefore have our chance to set out our views on that issue soon, I will say very little about it now, beyond saying that I welcome the Bill. It is a long overdue opportunity to deal with the problems created across the country, outside London, by the deregulation of bus services. That reform was the first major issue I dealt with as a member of the transport committee of Cardiff council, my very first role as an elected member, at a time when I was a young mother. It has taken far too long to address those issues, and I believe that there is fairly broad agreement with the general direction of the Bill. However, I urge the Government to take

the opportunity to set the pace on this. We are now well into the 21st century and need to create a comprehensive modern transport network.

To be successful, the new regime needs to go further than planned to attract new passengers, and therefore needs to encourage young people to use buses and ensure all buses are accessible for people with disabilities. It needs to achieve the lowest possible emission levels. The air quality emergency that we face in our urban areas is so severe that we are well past the time when decisions on this can be voluntary. There is a major role for government in ensuring that our buses reach the highest air quality standards. We remain to be convinced that this Bill will address the bus crisis that is hitting so many rural areas.

I was delighted to hear Her Majesty say that there will be a modern transport Bill. The Government are right to seek to keep us at the forefront of technological developments and there are thorny issues to be grappled with, such as the way we insure driverless cars and data protection and security. For example, who will own and control the information on where I have travelled to in my autonomous vehicle? These vehicles promise a brave new world where we no longer need to own our own car, but the Government need to tackle the way in which we use such vehicles from the start, by encouraging carpooling via legislation for instance. We do not have the luxury of time. The revolution is happening right now on the streets of Bristol, Greenwich, Milton Keynes and Coventry.

I have raised before in this House my frustration that the Government have been so slow in dealing with the challenges raised by drone technology. The news last week about the use of drones to smuggle drugs and weapons into prisons highlights the fact that better regulation is overdue, so I welcome the inclusion of drones in this Bill. There are big issues about safety and security as well as privacy.

My disappointment comes with the Government's limited understanding of the phrase “modern transport”. It should be about so much more than drones and spaceports, exciting as they are. As Lib Dems, we would like to see such a Bill encompassing all the strategic objectives of a modern sustainable transport system. Any traveller in Britain today knows that we patently do not have transport infrastructure fit for the 21st century. It is the fault of successive Governments. The future prosperity of our nation is at stake on this, so we need a modern transport Bill that sets out a comprehensive strategy. If you are standing on the 7.15 am into Euston with hardly room to breathe, you are not thinking about the site for a spaceport—you have heavier things on your mind. The Government need to address the daily grind of commuting because that is what will really sharpen the edge of our economy. The environment must be at the heart of our modern infrastructure.

I urge the Government to widen the modern transport Bill to use it to build the infrastructure required for the widespread use of electric vehicles. Three experts have so far told me that we do not have sufficient electricity capacity for all the electric vehicles that will be on our roads in the near future. It is a lengthy process to expand the electricity supply. Of course, there are

[BARONESS RANDERSON]

alternatives to electricity for vehicles, but they are zero-emission in the place where we need it: on the streets of our towns.

We also need a modern, sustainable approach to air travel and airports. It is ironic that we will have a Bill that deals with spaceports when the Government cannot decide whether it should be Heathrow or Gatwick. In the meantime, the Government need to be preparing our important aviation industry for the future, and I urge them to broaden the modern transport Bill to include measures to encourage the production and use of biofuels for aviation. We are way behind our competitors on this vital issue.

It is important that I finish by celebrating our strong aviation industry; its leaders have made it clear how important it is for them and their employees that we remain in the EU. I urge the Government to look very much more broadly in the way in which they consider the idea of modern transport.

5.24 pm

**Lord Leigh of Hurley (Con):** My Lords, I add my welcome to the right reverend Prelate the Bishop of Newcastle. As someone who at best can do a half-marathon, I can only admire her. I share with her my recollections of the late Baroness Birk, whose views on faith I shared.

I shall focus my remarks today on economic affairs. Surrounded as we are by a maelstrom of political polls, referenda and intrigue, it is perhaps worth reappraising where we are in the primary mission for which the Government were elected, which is of course economic security. Whatever relationship with the EU we may end up with, Britain must continue to show global leadership in growth, job creation, fiscal responsibility and free trade. After all, it is exactly because of that leadership that the OECD has predicted that the UK economy will be the fastest-growing developed economy this year, with a record 2 million jobs created since 2010 and unemployment down 142,000 this year. It is because of this leadership that the deficit is down to two-thirds from its peak, although, as my noble friend Lord Flight has said, there is some way to go.

Whether we are outside the EU plotting our own path or inside urging our fellow members to follow our lead, we must stand up for free trade. I urge the Minister to continue promoting the TTIP treaty, which will of course help in that. We need to continue to explain more clearly that the NHS will remain excluded from it. If we are to rebuild any kind of popular consensus for this type of free and fair capitalism, businesses and Governments must come together to show that they are serious about tackling the pervasive unfairness in one aspect of our economic life. I am referring here to tax avoidance. Globalisation has brought many benefits, and I am in no doubt that it will continue to spread prosperity to even the hardest-to-reach communities. However, as the economy is globalised, our tax systems are still local. Multinational businesses are taking advantage, playing off one nation state against another. We must rebuild trust in our system, and fast.

If we do not continue to strive to make capitalism fit for purpose, the siren voices against capitalism will become even more alluring. We can easily guess what the shadow Chancellor meant when he said that he wanted to break the narrative when it comes to saving money to balance the books. More populist easy answers were peddled at a recent economic policy conference, where Labour promised to break with economic orthodoxy. This should concentrate the minds of those of us who still take a responsible approach to economic management. We need to show that the system that we have can deliver for the whole of the UK.

I am therefore delighted to see included in Her Majesty's gracious Address the criminal finances Bill to tackle tax evasion, and indeed many measures in the recent Finance Bill help to take us in that direction. The UK has made great progress on tax evasion and tax avoidance. Through his leadership of the G20, the Prime Minister put tax avoidance at the top of the international political agenda. Progress has been made on many of the action points included in so-called BEPS—base erosion and profit shifting—which was in fact the subject of my maiden speech. On transfer pricing in particular, where corporates move money around different locations to minimise the tax bill, it was somewhat galling to read today that the French seem to be slightly more fleet of foot than we are. On the matter of reducing the tax deductibility of debt interest, where it is used to artificially avoid tax, measures in the Finance Bill that cap this at 30% are to be welcomed.

Similarly, the March Budget also brought a long-overdue clampdown on carried interest, a private equity tax advantage that had little economic benefit except to practitioners themselves. That robust approach has brought the tax gap down to a record low. This is in contrast to the party opposite. Indeed, I agree with the comments of the former right honourable Member for Blackburn, who said on Labour's record, "There was action that we could and should have taken straight away, but we didn't". To be fair, I agree with the comments from the noble Baroness, Lady Jones of Whitchurch, on covenant-lite. She is quite right to draw attention to the growth of covenant-lite; it is a real threat.

I hope the Minister will agree with me in welcoming the Government's pledge to look at VAT evasion, particularly for international e-commerce businesses. I draw your Lordships' attention to my entry in the register of business interests, which includes a directorship of a company with 150 shops in the UK. I say that with some temerity, as sitting next to me is one of the country's greatest retailers. None the less, we have 150 shops. I urge HMRC to move very quickly on this evasion, as UK taxpaying businesses are being disadvantaged. The current e-commerce directive makes clear that any business selling goods online in the UK has to make public its VAT status. However, international businesses from certain jurisdictions are selling goods from UK warehouses on well-known e-commerce platforms without accounting for any VAT at all. Platforms such as Google and eBay have stated many times that it is not their responsibility to act. Measures in the Budget suggest that this will not remain the case and that they could be made liable.

Currently, the e-commerce directive sits with DCMS, but I suggest that the Government investigate this matter to allow HMRC to issue what I believe are called “stop now orders”, which are directed at individual businesses and would give HMRC the powers it needs to tackle VAT evasion. These important measures will help the Government collect the revenue they are owed from big businesses.

What about the smaller entrepreneurs? I welcome new investment in HMRC to help those filing digitally, and cutting capital gains tax for nearly all businesses will encourage greater business investment, as will continued reforms to entrepreneurs' relief.

In conclusion, we are making progress in showing that our system can be reformed. We need to put beyond doubt that free markets are the best way to spread prosperity and opportunities for all. Clamping down on tax evasion by the abusers on the one hand and making our tax system simple to use for small businesses, entrepreneurs and ordinary taxpayers on the other hand means that this Government, in tax as in all things, are and should be for the many, not the few.

5.31 pm

**Baroness Drake (Lab):** My Lords, the gracious Speech heralds yet another pensions Bill, and recent Budgets have been characterised by intense speculation prior to yet more changes to the savings regime. There has been so much change but so little clarity on the long-term objectives of government savings policy. People are not sure where the Chancellor is going, and they certainly do not know what will happen next. The behavioural response of employers, consumers and the market to these changes is not fully considered. Freedoms and choice exercised in a market where the consumer side remains weak and conflicts of interest prevail results in ever more regulation and complexity, yet there has been a limited attempt to build a consensus.

Pension policy has a 30-year incubation period. It is a responsibility to be shared by Chancellors across the generations. No one can claim to have delivered the answer, as they can never be around to see it to fruition. There has been much comment about the lifetime ISA and whether it will compete with savings under auto-enrolment. My concern is less with that risk and more with what that decision trails for future policy. What is a sustainable and fair level of tax relief for long-term saving is an important issue and a legitimate question. However, I fear that the Chancellor may proceed to snatch defeat from the jaws of the auto-enrolment victory. There needs to be a more open consensus about the impact of any change, not only on today's fiscal deficit but on the impact over the longer term.

Auto-enrolment gets people saving through harnessing inertia, but employers and their contributions are key to its success and the overall level of savings. Yet the Government's consultation document on tax relief made no reference to the employer role until the penultimate paragraph. The emphasis was all on the individual voluntary incentive to save—a very significant shift in policy thinking but with little evidence of the analysis of the behavioural implications.

Auto-enrolment has seen millions start to save, but their savings need to be held in institutions that are fit for purpose. Workers in master trusts represent the biggest group of new pension savers: some 6 million. However, these trusts require no licence to operate, there are few quality standards for market entry, and unsustainable players are putting savings at risk. Some 59 master trusts are used for automatic enrolment. They cannot all achieve the necessary scale to survive. Yet there is no infrastructure or legislation in place to support the wind-up of such a trust and protect workers' savings. The proposed tougher regulation announced in the gracious Speech is long overdue.

Individuals are required to take increasing responsibility for their own financial planning, so the Government's intention to introduce a pensions guidance body and a money guidance body providing access to guidance on debt and on money is welcome. However, pensions guidance needs to be impartial and provided by guiders who have a depth of knowledge and expertise. Without that expertise, guidance becomes merely an information service. It does not add value; it simply replicates what providers routinely offer and does not fill the market gap. People have low levels of knowledge, and the presenting question is often not the issue. The diagnostic of the customer's issues is key to adding value from the guidance, and, without those elements, it will not deliver what people need.

The Bank of England chief economist, Andy Haldane, speaking recently at the think tank New City Agenda, suggested that even advisers do not understand pensions, admitting that he too cannot make sense of the increasingly complex pensions market. He also referred to providers having made financial products difficult for the public to understand and more complex than necessary, with consumers charged a premium for buying them. He suggested that such complexity is a desperately poor basis for sound financial planning and that the problem is becoming more acute because more of the risk associated with financial decisions is being shouldered not by the state or companies but by individuals.

However, guidance and financial education can achieve only so much. We keep coming back to the profound need to change the behaviour of the providers in the market. For example, achieving transparency of disclosure of transaction costs on savers' assets is still unfinished business, but I assure noble Lords that resistance is alive and well. Which provider will be the first to break rank and release their costs if they think it is to their detriment? There are so many costs outside those that the saver is told about. Many of the implicit costs are hidden in the change in the market value of assets. However, as the Transparency Task Force observed recently, it is actually even worse—some costs or revenues do not show up anywhere. Without further action by government on compelling disclosure, the desired transparency will not be achieved and the markets will remain unfair.

Finally, I too congratulate the right reverend Prelate the Bishop of Newcastle on her maiden speech. Her passion for the people of the north-east shone through and she certainly did them proud.

5.38 pm

**The Lord Bishop of Portsmouth:** My Lords, in responding to the gracious Speech, I am delighted to welcome, first, the maiden speech of the right reverend Prelate the Bishop of Newcastle and to congratulate her. To be in the House and on this Bench today is a pleasure. We are colleagues again here, as we were in St Albans diocese some years ago. We have a shared conviction that the work of the Church and of government is to support the welfare of all people, reminding ourselves that welfare is properly understood not in the restricted sense in which we so often use it in our debates about benefits and eligibility but as the well-being of all people in the whole of their lives. Bishop Christine has powerfully reminded us of the perspective from her diocese and the north-east.

In my diocese of Portsmouth and in many other places, there has been a welcome for the Government's intention, announced in the gracious Speech, to improve life chances for the most disadvantaged. Those who are forgotten, ignored, marginalised, hidden or excluded are indeed our collective responsibility. The Speech is helpful in its range of Bills to address some of those who are disadvantaged, particularly children and young people in care or outside caring or stable families. In his speech at the Conservative Party conference last autumn, the Prime Minister spoke of his commitment to end disadvantage and fight for real equality in our country today.

There is less—I suggest too little—emphasis in the gracious Speech on people and families facing economic challenge and disadvantage. The spectre of austerity and its impacts and implications are still real to many. Economic disadvantage is real for those experiencing job insecurity as well as unemployment, and for those suffering financial uncertainty and anxiety—unknown to me and perhaps to most of us here. The point is not just that there are inequalities—of course there will always be—but that there are injustices. These demand more concerted attention than is immediately apparent in the gracious Speech.

Improving lives across the country is entirely the right ambition. It is good to hear continuing commitment to the northern powerhouse and, as a proud Black Country boy, the Midlands engine. But many on this Bench, and more widely in this House I think, will surely remind the Minister that places and counties on the edge—the Isle of Wight, for instance—should have specific and focused support, too.

The legislative programme promises local growth and jobs, the delivery of fast and reliable broadband, and improved competitiveness. This sounds admirable and good, if as yet often rather vague. It is aspirational rather than convincing, but there is not much to give immediate confidence and hope to those whose economic circumstances are as fragile as the social situations of those specifically to be supported in the life chances suite of measures. Commercial spaceports and driverless cars may catch the headlines, but they can seem fanciful diversions, and the United States, South Korea and China are already well ahead in these areas. Such announcements do not offer hope to our fellow citizens who are looking for bold policies for their economic welfare.

The national economic security that the Government trumpet—not, I add, without some justification—must not disguise the economic insecurity felt by some in our nation. The Government seek to entrench strong national economic performance. It would be wrong if entrenching that were achieved at the price of embedding some people in economic insecurity.

5.43 pm

**The Earl of Caithness (Con):** My Lords, I would like to pay a very big tribute to Her Majesty. For many of us, she is the only monarch we have ever known and, in her 90th year, she yet again came to this Chamber to make her gracious Speech. What a lucky country we are to have such a person in that role.

I turn to the economy first. We have had three days of speeches—and today is no exception—from people wanting to spend more money on some very good and worthy areas: defence, education, welfare and the National Health Service. But not one of those speakers, to my knowledge, has told the House what projects they are going to cut in order to spend that extra money or where the money is going to come from. Such is the luxury of not being in government.

Ministers have to be accountable, and that is right and proper. I pay tribute to our Ministers. We are hugely fortunate in this country. Of course, we complain a lot. We whinge well, as Brits. But I would rather be in this country than any other country in Europe. We have better employment, less unemployment, more job security and we have created more jobs. The doomsayers said that that was impossible, so I say a big thank you to our Ministers for putting us in this position. It does not mean that everything is right and that there are not problems ahead. There are. There are huge economic problems ahead of us whether we are in or outside the EU. But I would rather be in the position we are in this country than in any other country in the EU.

Whether we are in or outside the EU, there is economic regulation. I have taken part in the EU Sub-Committee looking at financial matters. We interviewed a Treasury Minister about banking union. He was very proud that the British banks were not allowed to take part in parts of the banking union into which they wanted to opt. That will cause extra regulation and extra cost for British bankers, and most likely cost British jobs. I have since heard that our penchant for overregulating is known as “la source anglaise”. For the Brexiteers who reckon that all will be wonderful if and when we leave, it will not. We will have the problem of overregulation.

Turning to transport, I am not yet convinced on HS2. My noble friend Lord Ahmad has tried, but he has not yet convinced me that there is an adequate case for it. I would have been much more excited if the gracious Speech had talked about Crossrail 2 or, perhaps even more important to me, the trans-Pennine crossing. That is where a huge economic hub could open up. My noble friend talked about the northern powerhouse. Well, that would really get it going. We looked at this issue when I was in the Transport department. That was a few blue moons ago, and it is terribly sad that it has not progressed further.

The Government are also bringing forward reform of compulsory purchase orders. There is a nice little hotspot for us to get into. They say that the process should be fairer and quicker, but fairer to whom? There is great concern among we surveyors that the landowners will not get full value for their money and will get a reduced sum. Therefore, the developers will receive the extra profit from the increase in land values. We will need to study that with great care.

Turning to the question of a wildlife Bill, we are due a Law Commission report but the commission cannot recommend the species protection level. It has asked Defra and the Welsh Government to look at this issue so that the law can be made more uniform. What progress has been made on this issue, which is hugely important to farmers? In the north of Scotland—and it will come to Northumbria, about which the right reverend Prelate made such a good speech—we have had success, in that the number of ravens has increased hugely. But ravens are killers of healthy young lambs. There is nothing more heart-breaking for a farmer than to produce good lambs and find that your week-old lambs are being attacked by ravens. They are doing it for fun. It has been watched very carefully. It involves only a small number of ravens, and if farmers could be licensed to exterminate those, the problem would solve itself. But it is not just ravens. We have read recently about ducks on a watercress farm in Hampshire. People have to realise that in the countryside, farming is your business. If we as politicians do not allow farmers to do their job properly and try to maximise their livelihoods—which has been extremely difficult to do in past years—we will need to look at the whole of farming in a different light and say, “We want you there in the country and we will pay you to farm not very well because we want green hedges and we do not want you to do what you are doing”.

Lastly, the noble Lord, Lord Palmer, mentioned GM crops. I hope that that is one area the Government will push the EU on.

5.49 pm

**Baroness Parminter (LD):** My Lords, I am obliged to welcome much that is in the Queen's Speech, but it is with sincere regret that I note that for the second year running, the word “environment” does not feature in it at all. There are no measures to protect or enhance our natural environment and no measures to deliver the Conservative manifesto commitment to protect our public forests and woodlands for the good of the country. As the noble Earl, Lord Caithness, has just said, there is no wildlife Bill, and yet we have had the recommendations from the Law Commission since last December. We need to ensure that the competing demands of farmers, environmentalists and those who enjoy the countryside are provided for through a legal framework that makes provision for wildlife. We urgently need a new Bill.

There is also no new Bill on the crucial issue of water abstraction. Our water abstraction laws are now 40 years out of date. Levels of sustainable abstraction are way beyond what they should be, and we are running out of time. By 2019 the new provisions set out in the Water Act 2014 will come into force so that more trading in water will be allowed, and significant

volumes of water for which licences are already held but are not presently being traded will be allowed to be traded. We therefore need a water abstraction regime soon.

As I say, for the second year running we have no mention of the environment, so we on these Benches will do what we can to bring forward in other Bills environmental measures, in much the way we did in the Housing and Planning Bill in the last Session. I am sure that the neighbourhood planning and infrastructure Bill will offer us similar opportunities. However, we need to look to other jurisdictions if we want to protect our environment, and in that regard I point out that the gracious Speech does refer to the forthcoming referendum on European Union membership.

Since 1970 the European Union has been the core framework in most areas of environmental policy. It has undoubtedly the most developed and significant body of environmental law and policy on the global stage, and for a very good reason. It is at that level that, as members, we can have the most leverage and influence on environmental matters of global significance, the most important of which is climate change, as was mentioned by the noble Baronesses, Lady Jones of Whitchurch and Lady Featherstone. It was under the coalition Government that significant progress was made to ensure that in the run-up to Paris, through our membership of the European Union, we would be able to encourage other countries such as the United States and China to bring forward provisions that would allow us to secure the Paris agreement. We still hope that this Government will now deliver on that agreement in their forthcoming programme.

It is not only environmental issues like climate change that need global solutions; there are also the issues with cross-border implications.

Travelling around looking at our beaches today brings me great joy because, thanks to EU legislation that has been in place since 1970, they are now in good condition, and otters can be found in rivers in every single county. Similarly, we have the birds directive to thank for the fact that migratory bird species are protected. I have a question for the Minister to which he can respond in his summing up, or perhaps in a letter at a later date. The birds directive is fundamental legislation that protects our birds, particularly endangered species. During the policy formulation process some two years ago, more than 100,000 people in the UK wrote to the Commission supporting the fitness review of the birds directive and the need to keep it in place. We had the outline draft findings last November, and a commitment was given that we would have the findings by early June. What pressure are the Government applying to ensure that this fundamental legislation and the expected review are delivered?

Of course, European legislation is not perfect. Back in the 1970s and 1980s, the common fisheries policy was no friend to either fishermen or the fish. But I am delighted that, under the coalition Government, the common fisheries policy revisions resulted in the end to discard, the introduction of maximum sustainable yields, and fishing policy being decided at regional level. Those things are already bearing fruit, and it is my contention that we need to be in Europe, working with our partners to protect the environment. That is the way forward for us.

[BARONESS PARMINTER]

In conclusion, I want to acknowledge the work of all those on these Benches—indeed, on all Benches—and those outside the House, who, through groups such as Environment for Europe, are supporting the case for staying in Europe and showing that, by being in Europe, we can best protect our environment.

5.55 pm

**Lord Rana (CB):** My Lords, I will address the criminal finances Bill and the soft drinks levy, included in the gracious Speech.

After the revelations of the Panama papers, it is all too clear that we must do more to tackle corruption not just in the UK but globally. Some of the UK's overseas territories facilitate individuals and companies in avoiding tax and allow corrupt leaders and politicians to hide their ill-begotten wealth. The noble Lord, Lord Chidgey, mentioned in his speech yesterday that London is considered by some as the money laundering capital of the world. That must change and we must act against corrupt individuals from abroad who hide their stolen wealth by buying property in London and who settle here mostly with immunity.

I am glad that the UK is now leading in its attempt to tackle corruption on a global scale, and I welcome the criminal finances Bill. It was only a few weeks ago when we hosted the global anti-corruption summit. I hope that the Government's proposals to reform crime legislation on illicit money and strengthen the UK's anti-money laundering regime will be translated into unexplained wealth orders. Such measures would reverse the burden of proof on to the suspect and would be a vital step for tackling corruption. Equally, I am heartened to see the Government's efforts to introduce a corporate offence for tax evasion. This would mean firms would be required to bolster measures against money laundering and corruption.

Strong legislation must have capable enforcement. HMRC is currently making cuts of £100 million, including the closure of 137 offices, and the Office for Budget Responsibility report on this year's Budget noted that it was not able to follow up on disclosure in tax havens due to underfunding. Similarly, opacity in our overseas territories will continue to hinder progress on corruption unless it becomes more transparent. The Government must resist vested interests that would seek to water down these proposals. Corruption has stymied the development of many Asian and African nations and, of course, those in many other parts of the world. Economic development of these countries would be a great benefit to us all.

I also welcome the Government's soft drinks levy. Such legislation is an important step in tackling obesity and the unhealthy diets that contribute to it. It has been found that one in three children between the ages of two and 15 is obese, and that 20% of the NHS budget is spent on dealing with health problems that are a direct result of unhealthy lifestyles. However, if the logic of the sugar tax is to help tackle the growing health problems in the UK, it is sad to see that other measures are not included. Why are there no other proposals on high-sugar products, such as chocolate and confectionary? The soft drinks levy should be

the beginning rather than the end of financial legislation and seek to promote a healthy lifestyle. But fiscal measures alone cannot solve our health problems. Legislation must be complemented by education on a holistic approach to healthy living. India has long practised this through Ayurveda and yoga. Such practices would save lives and money in the long run. Last year, 21 June was declared International Yoga Day by the UN.

Finally, there has been a lot of debate about the implication of the referendum on the UK's economy. I believe that the world is more interconnected than ever before and that to pull out of the European Union would be an unbelievable risk. However, whatever the result of the referendum, we need to make more consistent efforts in developing our trade relations with the Commonwealth countries. The Commonwealth is undervalued and underutilised. Despite the economic recession in many developed countries, many Commonwealth countries such as India are growing at around 7% per annum. This offers a unique opportunity for the UK to partner with the development process and it would be a win-win situation for all—promoting growth that looks forward to the future and builds on our shared past.

6.01 pm

**Lord Kirkham (Con):** My Lords, I speak to you today as a northerner, a businessman, the adopted child of parents from the humblest of backgrounds and a keen proponent of helping disadvantaged young people make the most—the very best—of their life chances, particularly through two organisations with which I am fortunate to be associated: the Duke of Edinburgh's Award and the Outward Bound Trust. From all these perspectives, I found much to welcome in the Queen's Speech. I am heartfelt when I say that a move to tip the balance in favour of permanent adoption in the interests of a child's security is a measure of huge social value.

But what of the many thousands of children growing up in families, or with single parents, or in care, who lack the vision, confidence and ambition to get on in life? Having lived near Doncaster all my life—not far from where the classic film "Kes" was made—I do not want to exaggerate this problem or pretend that it is peculiar to any one part of the country. I do not entirely recognise the Monty Python vision of the north-west propounded last week by one would-be mayor of Manchester. He asserted that it was hard for youngsters there to have ambition, as aspiration was mocked by their peers—in his words, "Because you say to someone: 'Oh, I'd like to be a doctor.' Or be a lawyer or a member of parliament. And you worry you'll have the mickey taken out of you". However, it does not seem to have put him off his stride so far. I think the impossibility of having aspirations if you are a northerner will certainly have come as surprise news to most head teachers in Yorkshire—but then maybe the problem is more prevalent on the less-favoured side of the Pennines.

That underlines to me the importance of improving transport links across the north of England. Certainly that would facilitate the civilising and more optimistic

culture of Yorkshire being spread much more widely. It is completely ridiculous and madness that the fastest rail journey from Doncaster to London, which is 75 miles further than Doncaster to Liverpool, is a full hour quicker than that journey. So I strongly commend the commitment to spend £15 billion in this Parliament to improve the transport infrastructure of the northern powerhouse, to press ahead with the building of HS3 and, just as importantly, to accelerate the improvement of the M62. As I think my noble friend the Minister said at the outset, that is a game-changing investment.

I also welcome the proposed devolution of more powers to local authorities, including the freedom to retain business rates to help them stimulate economic growth in their own areas, as long, of course, as it is acknowledged that the level of business property taxes reflects the huge changes taking place in the way we all conduct our business, recognising that we are buying more and more from online retailers, rather than beleaguered and highly-rated high street shops.

I submit that what really matters above all else in Britain today is not what happens in this House, in the other place, in the councils of the European Commission, or in the parlours of elected mayors. It is in the millions of individual homes, not just in the north, but in the south and in the devolved nations, too—everywhere where children are growing up without an adequate appreciation of just what they could achieve in life. They simply do not grasp the potential that each one of them individually possesses. Of course, if they cannot see it, how are they ever going to realise it? How are we going to build a northern powerhouse and an even more successful national economy if so many of the next generation believe that the odds are stacked against them and that they cannot succeed, so they do not bother even trying?

Through the Duke of Edinburgh's Award and Outward Bound I have met thousands of young people, including many from disadvantaged backgrounds, who think just like that and whose lives those charities have quite simply turned around. Those organisations have achieved remarkable growth, engaging record numbers of young people in their activities—all against a background of steady erosion in the local authority funding that was once their mainstay. Now they are building direct links with schools, companies and other institutions, and developing some amazing philanthropic support.

Last week I was privileged to attend a major gathering at Buckingham Palace where almost 1,100 youngsters from across the UK, and, indeed, the wider world, received their hard-earned gold awards, many from the Duke of Edinburgh himself, who first set up this amazing programme 60 years ago. So when we talk about empowering local government to do more, I say, "Yes, of course, by all means, but why stop there?". To truly increase the life chances for the most disadvantaged, we should empower voluntary organisations and charities to do more too. Empower families, and above all, empower children, because they are the future for all of us. Set them free, raise their sights and help them on the right path, not just through good teaching, but with ready access to experiences like the D of E and Outward Bound that will help them to learn teamwork, communication, self-discipline, initiative, adaptability

and leadership, all of which helps to create resilience, confidence and a can-do attitude that will take a young person far—maybe even to membership of the Cabinet or of your Lordships' House.

I try my best to lead by example, and whenever a young person says to me that they cannot do something, I always point out that if I can do it, anyone can. That is something I always make clear. Frankly, they seem to find that remarkably persuasive—perhaps more than I really like.

6.07 pm

**Lord McFall of Alcluith (Lab):** My Lords, strengthening the economy, supporting economic recovery and moving to a higher wage economy where work is rewarded: those phrases resonated in the first three paragraphs of the Queen's Speech. I tell the Government that those cannot be achieved without a well-functioning banking system. Presently, that is a distant prospect, as shown by the evidence that we in the NCA—the New City Agenda—have received from participants: Martin Wolf, Sir John Vickers, John Kay, Philip Augar, Anthony Hilton of the *Evening Standard*, the former chief executive of Barclays Bank Antony Jenkins, the right honourable and most reverend Primate the Archbishop of Canterbury, and Andy Haldane, the chief economist at the Bank of England, who addressed us last week.

The key message from these individuals is that banks are not functioning for the benefit of either the economy or society. Antony Jenkins, in his speech to us, said that banks are presently not properly fulfilling their role to society and generally they are unhappy places to work. He had a mission to change the banking culture of Barclays. He told his superiors that it was a five to 10-year project. He ran out of patience and left after three years. He was quite clear when he told us that there are still large parts of the industry thinking that this will pass. All informed commentators find it hard to see any bank following the culture transformation through.

Why is this so important? I mentioned Andy Haldane, who addressed our annual dinner last week. The title of his speech, which is on the Bank of England website, is "The Great Divide". It looked at the difference between the financial insiders and outsiders. The Bank carried out polling at the end of 2015 on the perceptions of the financial sector. The word most used by the general public, the customers rather than producers, was "corrupt". Not far behind were the words, "manipulating", "self-serving", "destructive" and "greedy". That underscores how far the financial services must still travel to regain their social licence.

We have seen the foot taken off the pedal by politicians, regulators and corporations. With the politicians, the Parliamentary Commission on Banking Standards made a recommendation to reverse the burden of proof, which was altered by the Government. The regulators dropped their review of banking culture at the end of last year. The corporations, as I mentioned in my last speech here, witnessed bonuses paid out of pre-tax not post-tax profits which means executives do not pay for their misconduct. Also, we witnessed creative accounting through issues such as adjusted profits. Indeed, the chair of the International Accounting Standards Board,

[LORD McFALL OF ALCLUITH]

Hans Hoogervorst, stated that adjusted earnings paint a misleading picture of the financial position of companies. We see real bonuses still being paid out of fake profits. We thought that had gone in 2008.

If the incoming chief executive of the Financial Conduct Authority, Andrew Bailey, is serious about re-establishing the authority and writ of a demoralised and cowered organisation, he must review the decision to downgrade culture to what it calls normal bank supervision. This cannot be allowed to be behind closed doors, with no assessment of progress and no publication of good or bad practice. Such a secretive approach damages the accountability of banks and regulator. The Government should tell Andrew Bailey that he cannot franchise this to outside bodies which are presently unwilling to identify individual banks regarding cultural progress or otherwise. This reminds me of when I was chairman of the Treasury Select Committee and we had the issue of basic bank accounts. At the time, that was monitored by the Banking Code Standards Board, which referred to banks as "A", "B", "C" and "D", and did not identify them. The result was that I ensured that this was achieved—the floodgates opened and we had meaningful assessment of and progress in what was happening.

We need to ensure that there is public accountability and transparency of assessments of progress. Only the Financial Conduct Authority has the ability to ensure this outcome. We also need to ensure that bank chief executives are held individually accountable for poor culture and demonstrate a greater appetite to take enforcement action against executives. We have seen the so-called shareholder spring recently. Again, Andy Haldane said in his speech:

"Ultimately ... these investor votes are binding on neither management nor boards. They are a 'Say on Pay', but not a 'Stay on Pay'".

Little or no effect has been had on executive compensation packages as a result of investor action. In fact, cases of investors actively voting against pay packages are as rare as hens' teeth. The system of executive pay is broken. There are still high rewards for those at the top. In the banking sector, this allows senior management to harvest the fruits of large and open-ended subsidies from the taxpayer.

The incoming chief executive, Andrew Bailey, said recently in his speech, "Culture in Financial Services," that culture had laid the ground for bad outcomes. It has, absolutely. He said:

"A change of culture is possible and as the England Cricket team has demonstrated to our great enjoyment, a lot can be achieved in a short space of time where there is commitment".

I have two comments. First, this is not a short space of time but a five to 10-year programme and the FCA must put its foot on the pedal. Secondly, a comparison with the English cricket team is, I suggest, rather vacuous and trivialising. The global financial crisis devastated both financial and social capital. For example, the market cap of the world's 20 largest banks in 2016 remains about half its value in 2007. The market value lies well below the book value of their assets. Put simply, that means that many banks are a value-destruction machine for investors.

Yet those losses pale into insignificance given the loss felt by the wider economy. Nine years on from 2007, GDP is still 15% below pre-crisis level. That is a cumulative income loss of £1.8 trillion—or one year's GDP. That is mind-boggling, and the clock is still ticking. Yet perhaps the biggest loss is social capital, which is intrinsically linked to trust. My message to the Government and regulators—the FCA and the Bank of England—is that the recovery of financial and social capital is essential if we are to ensure that finance plays its proper role in society. We have witnessed finance as a growth killer not a growth booster. We saw the social cost of that on livelihoods, with businesses destroyed, unemployment increased and young people's opportunities lost. New City Agenda is coming out in the next month with a report on the culture of regulators. I tell the Government this because we are on their tail as well as others here. We will not give up until this cultural problem is tackled effectively.

6.15 pm

**Lord Shipley (LD):** My Lords, it is always a pleasure to follow the noble Lord, Lord McFall, and to be reminded of the importance of banking supervision and regulation. I join in the congratulations of the right reverend Prelate the Bishop of Newcastle on her maiden speech. As a fellow Novocastrian, I share her pride in the north-east, its successes and potential. I hope the Minister noted her concern about the need for adequate funding and that the Government should make the commitments in the gracious Speech real in everyday life.

The gracious Speech has been described as lacking ambition. I am not sure that is true, because some of the legislation proposed is very important, particularly the Bus Services Bill and the local growth and jobs Bill. With caveats, both are to be welcomed, because they could make a huge impact. Where the gracious Speech lacks ambition is in its failure to address issues of inequality: income inequalities, housing inequalities, social exclusion, and child poverty. That is a matter of regret, because in all these areas the gap is widening between those who have and those who do not.

Of course, there is ambition in the modern transport Bill. We have heard a lot in the media about flights into space, but would the Minister agree that before the Government propel tourists into space they should complete the dualling of the A1 between Newcastle and Edinburgh, as well as attending to all the other road improvements urgently needed across the north of England? I draw his attention to east-west roads, notably the A66 and A69, which cry out for capacity increases, dualling and improved road safety.

This is the second year of this Parliament, which continues the trend towards greater decentralisation in England. We are now at a critical stage in that process, because it is one thing to pass the legislation but another actually to make it work on the ground. The National Audit Office said in April that the Government's plans are risky. I agree with that analysis. The plans are piecemeal, but that is what you get with an approach that encourages local authorities to choose what responsibilities they want to take on and what investment-sharing, risk-sharing and business rate sharing they are prepared to pool with others. To be clear, this was

the right thing to do to get devolution actually happening, but we now need a clearer, menu-based approach that everybody understands.

For example, the Government need to explain better why elected mayors are essential in some places and not others. As an example, the Bus Services Bill will devolve powers to directly elected mayors in England over local bus services. Such powers may yet go to places without a directly elected mayor, but there is no certainty of this since it will be for the Secretary of State to decide. Things need to be clearer, because the buses Bill has the potential to be a good one in that it will set standards and fares.

There is then the local growth and jobs Bill, which also needs clearer explanations. It will allow local authorities to retain business rates and to reduce the tax rate. Yet the Bill gives combined authority mayors the power to levy a supplement on business rate bills to fund new infrastructure projects, provided they have the support of their local enterprise partnership. I suggest that the Government should go further to enable similar powers to lie with non-mayoral authorities.

However, 100% business rate retention will not finance devolution. The mechanics of 100% retention need to be debated and agreed. Prior to 1990, when business rates were localised, and prior to the nationalisation of business rates, there was an element of equalisation in the grant. I know that the Government are well aware of the potential problem, but simply allowing well-off councils to become even better off while poorer councils cannot get better off will simply widen inequalities. As the Joseph Rowntree Trust showed a few weeks ago, many towns in the north do not have the capacity for high levels of growth. Ten of the 12 most struggling cities are in the north.

It is said that the Government want a smaller state. That would be wrong. We cannot have a smaller state if we are to rebalance the economy. If the northern powerhouse is to have a chance of succeeding, the state must play a leading role. Recently, an ONS and KPMG report gave us some very worrying figures about the brain drain to London. I think Ministers are well aware of that. I read in the newspapers of some possible schemes that might help to address this outflow from the north. It is important that Ministers continue to confirm that the northern powerhouse is not simply about the M62. That needs to be restated continuously, and it needs to be demonstrated through real activities and real investment right across the north of England.

The gracious Speech refers to the northern powerhouse, stating:

“To spread economic prosperity, my Government will continue to support the development of a Northern Powerhouse”.

The first paragraph of the briefing document supporting the gracious Speech states:

“The Northern Powerhouse is the government’s vision for the North of England. It is built on the solid economic theory that while the individual cities and towns of the North are strong, if they are enabled to pool their strengths, they could be stronger than the sum of their parts”.

I agree entirely with that sentiment. However, does the Minister share my regret that Gateshead decided recently to opt out of membership of the north-east combined authority? I do not think this helps either Gateshead

or the north-east. I hope that the Government will do all they can to persuade Gateshead to look again at its decision. It would be to everyone’s advantage if it did.

6.22 pm

**Lord Holmes of Richmond (Con):** My Lords, I add my welcome to the right reverend Prelate the Bishop of Newcastle. As the Magpies’ trashing of Tottenham on the last day of the football season demonstrated, nobody from the Toon Army should be taken lightly. In that the right reverend Prelate also has my noble friend Lord Ridley in her flock, she will always have a fair amount of work on her hands as a rational optimist.

The gracious Speech had two golden threads running right through it: economic competence and life chances. The latter is significantly stifled if you do not have the former. It is largely a digital economy that we need to consider today. So I was pleased to see the digital economy Bill in the gracious Speech. We can no longer consider digital as a separate world from the real economy. Digital runs through everything that we are considering. The first Industrial Revolution took over a century. We are already into the first blows of the fourth industrial revolution and its pace is absolutely extraordinary.

I welcome the Bill’s provisions on superfast broadband. With the commitment to fibre optic, it is pleasing to see that the business department has very much moved on from cable. FinTech will be key to this. It already contributes £6.6 billion to the UK economy. What more can be done to enable FinTech to unleash economic power for the unbanked and underbanked and to provide credit lines? This can be such a boon for SMEs, business and the British economy. So what more can the Treasury do to encourage FinTech, not least in further pushing mandatory referrals?

On transport, the Minister referred in his opening speech to the success of the railways in increasing passenger numbers since privatisation. We need to see that same increase for buses. Having grown up in the West Midlands, like the right reverend Prelate the Bishop of Portsmouth, I was surprised to note that in the relevant Bill the word “bus” is spelled with an “s” rather than a “z”. Technology runs through that Bill as well in the potential use of data and the ability for people to have electronic access to timetables and the opportunity to understand and connect with public transport in a way that was previously unheard of. That is an example of how data can drive innovation and change. Buses are an excellent example of this. The Bus Services Bill provides a real opportunity to look at the whole question of access, not least for disabled people in the area of audiovisual announcements. That is certainly something on which I will speak more when we come to Second Reading in a couple of weeks.

As regards energy, if we are truly to get the best out of the economy, not least the digital economy and automated vehicles, we need power. I contend that we do not need Hinkley Point. Its economics do not add up, the technology does not add up, the numbers do not work and neither does the EP reactor. Will the Government take the opportunity to end Hinkley

[LORD HOLMES OF RICHMOND]

Point as currently constructed, or will we wait for the French to promenade away from the project? Perhaps we will have a third option: Hinkley Point will become the world's largest renewable power plant as all that will be left to fuel it will be thin air.

I was phenomenally fortunate to attend with my noble friend Lord Kirkham a Duke of Edinburgh awards ceremony for gold award winners at Buckingham Palace last Monday. We heard stunning stories of the life chances of individuals across the country having been enhanced. We need economic competence, life chances, a high-skill, high-knowledge economy if we are to innovate and tech our way into the 2020s and beyond.

6.27 pm

**Lord McKenzie of Luton (Lab):** My Lords, the Queen's Speech asserts the Government's objective of increasing the life chances of the most disadvantaged. That is a worthy ambition but lacking in credibility when it is considered that much of the last six years has seen the poorest in our society bear the brunt of benefit and tax changes driven by austerity.

An IFS study published just last September looked at the broad range of policy measures introduced under the coalition Government to estimate how the changes have affected both household incomes and work incentives over the period. It concluded that while there has been some strengthening of work incentives, it is low-income working-age households and the very rich who lost the most in absolute terms from the tax and benefit changes. But measured as a percentage of income, the bottom two deciles have lost the most—that is, proportionately, the poorest have taken the biggest hit.

Sheffield Hallam's Centre for Regional Economic and Social Research has undertaken a different analysis looking at the welfare changes introduced by this Government and the projected financial losses to places and people. This analysis showed that post 2015, welfare reforms impact unevenly across the country, with older industrial areas, less prosperous seaside towns and some London boroughs being hit the hardest, but with much of southern England escaping lightly. As a general rule, it concludes that the more deprived the local authority area, the greater the financial loss of its residents from the post-2015 welfare reforms—so much for rebalancing the economy. The Government will claim that these losses can be compensated for in whole or in part by increases in personal tax allowances, the national living wage, and perhaps the extension of free childcare, but we know that these do not impact fully, if at all, on those so damaged by the cuts.

We have seen a similar pattern with local government finance settlements, not only in the colossal scale of the cuts—a 56% cumulative, real-terms cut in government grant funding for local government—but in the distribution of support, which has shown the most disadvantaged areas doing worse in terms of changes in spending power, and some of the more affluent areas doing the best. My point is that it is difficult to conclude from all this that fairness is truly at the heart of this Government's approach and that an expressed

care for the most disadvantaged will translate into positive policies that will help improve their lives and communities.

That is why in particular we need to ensure that the proposal to move to 100% business rate retention by local authorities includes an effective system of equalisation between local authorities, transparency on additional responsibilities taken on, and arrangements for the funding of safety nets. An improved system of appeals for business rates is also essential if the full consequences of appeals are to fall on local authorities. We have seen before—council tax support being just one example—government passing responsibility to local government without transferring adequate resources or the means to raise them.

The ink is only just dry on the Housing and Planning Act 2016—a piece of framework legislation hugely lacking in detail, as we debated extensively—but here we are again, looking to change neighbourhood planning, streamline compulsory purchase powers and amend pre-commencement condition arrangements, predicated on the notion that it is the planning system that is holding up delivery of a proper homes programme. Of course we should welcome a commitment for the building of more new homes for so long as there is substance and not just spin in the commitment, but, as our recent debates have made clear, and fairness demands, these must be homes that meet the needs of all our communities—affordable, for rent as well as for purchase, and as supported housing.

Turning to the privatisation of the Land Registry, just yesterday the Competition and Markets Authority expressed concerns about the sell-off, identifying that it could give the new owner a monopoly on commercially sensitive data with no incentive to improve access to the data. Of course, the privatisation of the Land Registry is not a new idea. It was floated under the coalition Government, with the proposed creation of an office of the Chief Land Registrar and the bulk of the registry's work going to a service delivery company. It is clear that the first and foremost reason for this sale being revisited is to generate a capital receipt for the Chancellor.

Noble Lords may recall that at the time of the earlier proposals the former Chief Land Registrar wrote:

“The Land Registry is a successful and highly regarded department of government with a 150 year history ... It conducts its business impartially and free from any conflicts of interest. It grants and guarantees title on all transactions so providing the security of tenure and conveyancing machinery on which a stable society depends and without which the property transfer and mortgage markets could not function”.

We would do well to listen to that view.

Of course, the fattening-up process has already begun, with the Infrastructure Act 2015 providing the means for the local land charges system to be removed from local authorities and operated by the Land Registry. However, this arrangement will fragment the provision currently undertaken by local authorities, with what is termed the CON 29 component of the hitherto joint service remaining with local authorities. The transfer of local land charges to the Land Registry was due to take place from this July. Perhaps we can have an update from the Minister on

how that is all progressing, and in particular how the local authority databases are to be valued for these purposes. We do not necessarily argue for the status quo—we can see a wider role for further digitalisation of the service and a wider remit for the Land Registry, particularly in this era of greater transparency of land transactions—but we should oppose the folly of this privatisation.

6.35 pm

**Baroness Ford (Non-Aff):** My Lords, although one could always wish for more, it would be churlish not to acknowledge the important steps forward contained in the gracious Speech on vital infrastructure for our country. I will focus on this today, and on transport, including the regime to enable spaceports to be developed in the United Kingdom. Before I do, I declare my interests on the register relating to housing and commercial property, and as chairman of Scottish Television, with a natural interest in developing satellite technology.

The statutory footing proposed for the National Infrastructure Commission is a very welcome step in the right direction. Together with the recently updated national infrastructure plan, it provides a clear signal to investors of the Government's commitment and priorities. However, we will wait with interest to understand the statutory remit of the commission and the scope of its powers. These will determine whether it has real teeth and can meaningfully move forward the whole programme of infrastructure delivery that is so badly needed to enable our country to improve competitiveness and, crucially, productivity, which currently lags so badly behind all our major competitors.

However, I greatly regret the Government's abolition of the Infrastructure Planning Commission, the creation of which was one of the first acts of the coalition Government in 2010. Had this body been allowed to develop as planned, we would now have at our disposal all the tools to accelerate infrastructure development in the UK. I ask the Minister: are there any plans to resurrect the idea of a national planning body for major pieces of crucial infrastructure? This would sit well alongside the new National Infrastructure Commission and the national plan.

As we return to considering HS2 in this House in the forthcoming Session, I echo the sentiments expressed by the noble Earl, Lord Glasgow, at Second Reading. This is a huge undertaking and yet quite literally it does not go far enough. To realise the full economic benefits to the UK as a whole, the project needs to continue in due course to Scotland. The west and east coast main lines have become increasingly busy over the past 20 years. If we are serious about economic competitiveness, about running more passenger services between Scotland and England, and about cutting emissions levels, more capacity is required. HS2 could certainly help address this. Creating an additional electrified route to Scotland would also improve network resilience—something that the flood damage to Lamington Viaduct brought to everyone's attention earlier this year. Can the Minister say what progress has been made on the question of an extension to the project since the joint announcement between the UK and Scottish Governments on 16 March this year?

I turn to the modern transport Bill, in particular the very welcome announcement that a licensing regime is to be created, rather than a competition among locations, for the development of spaceports. The space industry is growing at just over 8% per annum but its development is constrained by a lack of low-cost and reliable access to space. Launches are very expensive, have to be booked years in advance and are repeatedly delayed or rescheduled. UK and European businesses looking to undertake space launches currently have to look to Kazakhstan, the US or French Guiana. A UK spaceport, or spaceports, with reliable launch vehicles operating from them would reduce the cost of launch substantially and increase the certainty of launch dates. This would both result in increased demand for satellites for a range of applications and allow launches into non-equatorial orbit from the UK. This opens up tremendous economic development possibilities for all downstream activities that are reliant on satellite technology.

The proposed new regime is exceptionally good news for locations such as Prestwick international airport, to which I have a strong local attachment and where I have seen tremendous work being done in the past few years in preparation for its next phase of development as a spaceport. It is quite simply the perfect location for such a facility—geographically, technically and commercially. With almost a hundred years of experience in the aerospace sector, the airport offers a ready-made cluster on site. There are already thousands of highly skilled people working on testing, modifying, repairing and maintaining aircraft. These are the highly skilled jobs that will readily adapt to the demands of the spaceplanes. It is a very exciting and natural next chapter in the airport's development, and will be a fabulous platform for growing the regional economy in Ayrshire.

The proposed licensing regime will enable the investment community, already excited by what is on offer at Prestwick and other locations, to select the best location for development, rather than being directed to a predetermined site chosen by government. We can look forward to the Bill coming forward to enable this hugely important industry to flourish and to flourish safely. There are currently no commercial spaceports in the UK, and this legislation will pave the way for Prestwick and any other suitable locations to develop a very important 21st-century industry.

6.40 pm

**The Earl of Arran (Con):** My Lords, all of us here today are passionate about our own regions, and I make no apology for returning to the subject of infrastructure investment, this time in the south-west. We have long described ourselves as the forgotten and unloved peninsula—the Cinderella region of England—in terms of the quality of our road and rail network. We are essentially dependent on one main artery, the M5 motorway, linking the whole of the peninsula with Bristol. This road is already overloaded at peak times, and pressure around Bristol can mean hours of delay for essential goods and service deliveries and for our vital tourist industries. A major accident on the road can paralyse movement for hours, costing many millions of pounds in lost business. The only investment in

[THE EARL OF ARRAN]

recent years has been a short new link road to Torbay, built after nearly 40 years of talks and delays. Work is also finally under way on the missing section of dualling on the A30 in Cornwall. These improvements will help, but are minor in comparison with the potential which would be unlocked if the south-west had 21st-century connectivity. To further illustrate this lack of investment, the latest data revealed in response to a Parliamentary Question show that just £35 per head of population in the south-west was spent on road and rail, compared to £113 across England as a whole—that says it all.

During the run-up to the election, both the Prime Minister and the Chancellor promised billions of pounds to reverse these decades of underinvestment. Only last month, the Transport Secretary Patrick McLoughlin claimed he was delivering the investment to help the region grow. The stark reality, however, is that, apart from around £35 million that was spent reconnecting the main rail link at Dawlish when it was fractured by a collapse of the sea wall, all that is being really offered is money to carry out studies and to develop options to improve resilience. Currently, these studies include further reports on the upgrading of the A30/A303 to provide a second artery into the region, further consideration of essential works to adequately protect the main rail line from flooding and cliff collapse, and options for reopening Plymouth Airport. In addition, there is £1 million to explore improvements to the north Devon link road, which currently is largely only a two-way speed controlled corridor serving the whole of north Devon. Many of these studies have been conducted on countless occasions and serve only to delay the reality of spades on the ground.

The south-west cannot continue to operate with fragile and crumbling Victorian infrastructure: it needs a 20 to 30 year investment plan just to catch up with the rest of the country. I urge the Government to put real cash on the table rather than creating another rainforest of soon-to-be-dusty reports. I have to say to the Government that unless they start to walk the walk and stop sheltering behind talking the talk, that stark blue colour which currently pervades the western peninsula will all too soon become tarnished and rusty.

6.44 pm

**Lord Shutt of Greetland (LD):** My Lords, I will refer to the 16 words in point 7 of the gracious Speech:

“To spread economic prosperity, my government will continue to support the development of a Northern Powerhouse”.

It was interesting to hear the Minister embrace this issue in his introduction earlier this afternoon. The supplement to the Queen's Speech is an 85-page document with a preface by the Prime Minister but no mention of the northern powerhouse. The gracious Speech is then repeated, with 22 Bills in it to be introduced. But there is no Bill for the northern powerhouse. Reference is made to a Bill governing bus services, to the accountability of the police and to a national citizens' service being put on a statutory footing, while the Minister referred to an infrastructure commission. However, we turn to page 73 in this

enhanced document and we have a non-legislative brief and a couple of pages on the northern powerhouse, which go back to the words of the Queen's Speech:

“my government will continue to support the development of a Northern Powerhouse”.

It lists several items of northern investment that are to be pursued, often concerning transport. But this is very much what Government believe is right for the north, rather than what they will do with the north and the people of the north. Not only that, but there is still a lack of definition. Where is the northern powerhouse? Who makes its decisions? Who is the chairman and who is on the board? Who is the auditor? Who holds the northern powerhouse to account? It does not look like devolution.

I think I know the answer to most of those questions: the present Chancellor of the Exchequer. He is the panjandrum of all. Is that a safe position for the northern powerhouse? Before the general election, many people did not think the money that was going to be allocated for international development would be safe, and we made certain it would be by having an Act enshrining the 0.7% figure. Should this Queen's Speech not have announced a northern powerhouse Bill? Is the northern powerhouse safe given that, among the Government's own people responsible for the northern powerhouse agenda, 97.5% of the DCLG civil servants are London-based? It is amazing that as part of joined-up government, the devolved bit of the Department for Business, Innovation and Skills—its office in Sheffield—is to be closed.

How can the north really be regenerated when so many cards are stacked against it? Look at smaller UK regions. Scotland has its own decision-making, with the splendid benefit of the Barnett formula; so it is with Wales and Northern Ireland. London has its own Assembly, but the northern powerhouse, as I have said before, is an aspiration, akin to the American dream. I put it to the Minister that the north cannot just be under the patronage of the present incumbent of No. 11 Downing Street. Missing from the gracious Speech was a northern powerhouse Bill to enshrine the work in the north. What happens if the current Chancellor moves off to pastures new, perhaps in foreign affairs? Where is the northern powerhouse then?

It seems to me that there should be a northern powerhouse Bill to define the north and set out the boundaries. I am quite happy, by the way, with the three northern regions: the North East, Yorkshire and the Humber, and the North West. If the Government want to be rather more radical and set up a parliament for the north so that there can be real involvement in decision-making—a north powered by its people—that would make a lot more sense and would be real devolution.

I end by commending the speech of and welcoming the right reverend Prelate the Bishop of Newcastle. I welcome her call for real resources for the northern powerhouse.

6.50 pm

**Lord Northbrook (Con):** My Lords, Her Majesty's most gracious Speech contained the following paragraph:

"My Ministers will continue to bring the public finances under control so that Britain lives within its means, and to move to a higher wage and lower welfare economy where work is rewarded".

I will examine this in more detail.

The latest GDP figures for the first quarter of 2016, as expected, showed a slight slowdown in the UK economy, with the figure coming out at an annual rate of 2.1%. This had been anticipated by the OBR economic and fiscal outlook in March. Capital Economics' UK analyst Ruth Miller believes the expected slowdown to be temporary. She said:

"Many of the factors likely to be to blame for the first quarter's weakness should prove short-lived. We would not be surprised if growth were to subsequently accelerate in the second half of"—

2016—

"putting the economy back on track".

Recently, we have seen the Bank of England and outside forecasters slightly reducing their GDP forecasts for 2016 and 2017. According to the Treasury in its *May Forecasts for the UK Economy*, the average of the latest predictions monitored gives a 1.9% growth rate for 2016 and 2.1% for 2017, a bit below the Bank of England's estimates of 2.2% and 2.3%. The OECD has, however, forecast that the UK will still be the fastest-growing major advanced economy in 2016.

The figures on the public finances are less negative when they are viewed in an historical context. In 2015-16, the interest burden was 3.9% of GDP, the lowest ratio we have seen since 2007-08. According to Andrew Sentance, a former member of the MPC, the Government's interest burden is now within the range of 2% to 4% of GDP, which was the norm in the mid-1980s, mid-1990s and mid-2000s. We are now at a much calmer level of government borrowing on an international comparison, but it is still far too high. It will take much longer to repair the damage to public finances created by the financial crisis. Care, however, should be taken not to make short-term reactions to any OBR change of forecasts by spending proposed windfalls that may not materialise.

However, we seem to be in a low-inflation climate for the time being, which has meant that interest rates have been able to stay low for a long time. The latest inflation figures have continued the benign trend. This has certainly surprised me, as I thought that quantitative easing would lead to it rising sharply. While pensioners and savers have suffered, it has generally been good for the economic climate. However, as the Minister said in the March debate, there are still economic issues that need to be addressed. He rightly focused on the delay in getting the deficit down in the next five years. This is due to lower forecast tax receipts caused by weaker productivity and a weaker outturn for nominal GDP. This reflects a common recent phenomenon of low-productivity growth across western economies. Also, economic turbulence, such as in China, has led to weaker growth forecasts for the global economy and global trade.

The Minister's views are backed up by first-quarter UK economic statistics. Overall industrial production dropped for the second successive quarter. Manufacturing production, which has been hard hit by the crisis in the

steel sector, saw output in March almost 2% lower than it was a year earlier. It remains to be seen how long the weakness in the manufacturing sector continues, although it is not specific to the UK. We have seen a softening in industrial growth across many economies, linked to the already mentioned slowdown in China.

On the employment front, over the past three years the UK has seen its unemployment rate fall from around 8% to just over 5%. The good news is that the employment rate has reached its highest percentage level since comparable records began in 1971. Average weekly earnings growth, according to the latest figures, stands at 2% year-on-year which, while not especially strong, is not inflationary. The number of unfilled vacancies for businesses employing more than 250 workers is still at record levels. It is the smaller firms with fewer than 250 employees that are reporting fewer vacancies, and they have been doing so for a few months now.

Is this a temporary problem or an unforeseen consequence of the national living wage? Could that be having an impact on smaller firms with fewer financial resources and lower pay rates, making them more cautious about taking on new workers, at least in the short term?

Turning to retail sales, there is further good news. Figures for these in March and April were affected by the timing of Easter, so month by month needed to be treated with caution. After disappointing March figures, sale volumes were 1.3% during April and 4.3% higher than a year earlier. Vicky Redwood, chief economist at Capital Economics, said:

"Indeed, consumer spending should prevent the economy from slowing too much this quarter, even if referendum uncertainty has a bigger impact on business confidence and investment".

Productivity has been a recurring problem. At the start of April, figures were published by the ONS indicating that productivity among UK workers during the last quarter of 2015 fell at the fastest rate since 2008. The figure for the manufacturing sector was particularly poor—a fall of 2%. There was a slight improvement in preliminary estimates for the first quarter of 2016. The recent overall decline in productivity has attracted the following comments. Howard Archer, an economist at IHS Insight said:

"How productivity develops going forward is critical to the economy's growth potential ... The crucial question for the UK economy is, does the fourth quarter of 2015 mark a temporary relapse in productivity. Or is it evidence that the UK has an ongoing serious productivity problem".

Finally, I shall just say a few words on the important independent IFS survey on the economic effects of Brexit. Paul Johnson said:

"Leaving the EU would give us an immediate £8 billion boost to the public finances, but the overwhelming consensus is that the economy would be smaller than otherwise following Brexit".

The IFS judges that Brexit could leave the economy between 2% and 3.5% smaller than under a remain scenario.

6.57 pm

**Lord Stunell (LD):** My Lords, it is an honour to contribute to my first Queen's Speech debate. I start by saying how much I appreciated and was content with

the contribution made by the right reverend Prelate the Bishop of Newcastle in her maiden speech. I know just how difficult I found my speech to make back in January. Her speech was outstanding and shows what a contribution she will be able to make to the House in future on behalf of both the Church and her diocese, for which she spoke so eloquently.

I start by making what has become almost the statutory declaration on where I stand on the EU referendum. I definitely want to remain. As someone who spent 20 years working in the construction industry, which will be an essential component of delivering most of the things that we are discussing in today's debate, I am pleased to report to your Lordships that a poll of construction industry professionals published last week shows that 63% of them share that view, with 21% saying that they would wish to leave. It is interesting to see what their principal concerns were, should the UK leave the European Union. Labour shortages in the industry were a concern for 55%, the higher cost of materials were a concern for 53%, and less foreign direct investment in the construction industry in the UK was a concern for 60%. Those are points that I hope very much the House takes into account as we approach 23 June.

I want to use the balance of my time on one of the given topics for today, the environment, on which the noble Baroness, Lady Jones, and my noble friends Lady Featherstone and Lady Parminter, have spoken. They noted that the word "environment" does not appear in the gracious Speech at all. I am not sure that they have drawn the appropriate conclusions from that, because the Queen's Speech has a wonderful quote:

"My Government will continue to play a leading role in world affairs, using their global presence to tackle climate change".

I wholeheartedly commend and endorse that commitment, and the House will understand that I turned to the briefing pack provided by Her Majesty's Government to follow up and see exactly what that would consist of. It took me a while, but eventually I reached page 80, where the briefing pack says:

"Following the Paris climate agreement we are committed, both at home and overseas, to reducing emissions and increasing investment in clean energy technologies".

That sounds very positive and encouraging, especially to those of us who have the view that climate change is in reality the greatest challenge facing humankind. The Government will have every assistance from these Benches to deliver on that very bold aspiration.

Unfortunately, there is no hint in the gracious Speech about how that is going to be achieved. As my noble friend Lady Parminter pointed out, there are no Bills, there is no policy announcement or time scale, and there are no stepping stones. The 85-page brief is full of information on everything else but remains silent on how the Government intend to use the second year of their five years in office to begin the process of meeting the new commitments that they entered into in Paris, let alone their existing statutory obligations under the Climate Change Act. The sum total that they come up with are the two lines that I have already quoted.

So is that it? Is there to be no forward movement at all in policy and delivery? Is there simply a reliance on steady-as-she-goes, with existing measures? I very much hope that that is not the case. Since May last year, those existing measures have been deliberately and systematically toned down, delayed, cancelled and abandoned. The gracious Speech sets out a bold aspiration, but in real life the policy direction since last May has been backwards. For example—and this is close to my own heart—the back-tracking on zero-carbon homes is a substantial blow to meeting the Paris targets. So, too, is the dismantling of any effective retrofit programme of energy saving in homes, and the drastic cuts to the feed-in tariff.

As all the pre-existing coalition programmes set up by Liberal Democrats and Conservative Ministers in the previous Parliament are being undone, and at the same time tough new targets and commitments are being adopted via the Paris agreement while boastful claims of world leadership are being made in the Queen's Speech, why is the gracious Speech completely silent on what is going to be done instead to fill the gap? If the Minister does not know or cannot say now what the answer is, can he at least tell us when he will tell us? When will your Lordships be permitted to know how the Government intend to make a reality of those bold words in the Queen's Speech, when Her Majesty said:

"My Government will continue to play a leading role in world affairs, using their global presence to tackle climate change"?

7.04 pm

**Baroness Redfern (Con):** My Lords, last week Her Majesty reiterated in her most gracious Speech the Government's continued support for local communities and their commitment to addressing housing concerns. I welcome the most ambitious housing programme since the 1970s. I note that it was the first time as a new Member of your Lordships' House that I was able to attend the State Opening of Parliament and have the privilege of hearing Her Majesty's Speech at first hand. I will take the opportunity also to congratulate the right reverend Prelate on her maiden speech this afternoon.

I wholeheartedly support the Government's efforts to address housing concerns. Earlier this year, I was pleased to hear the announcement in the Budget that the Government planned to introduce legislation that will make it easier for local authorities to work together to create new garden cities. At the same time as the Budget earlier this year, the Government also published a prospectus to invite expressions of interest from local authorities that want to create new communities based on these principles. As noble Lords will be aware, a garden city is a planned new settlement which enhances the natural environment and offers high-quality, affordable housing as well as locally accessible work in beautiful, healthy and sociable communities. Our local proposal, named Lincolnshire Lakes, will provide six new villages, 6,000-plus homes against a lakeside setting and a mixed-use commercial space. The project is one of the largest and most transformational and challenging housing projects currently being delivered anywhere in the country.

There are projected to be a number of employment opportunities in office, research and development, distribution, construction, and retail. A number of community facilities will be gained through the proposals, which include green spaces, international standard outdoor sports facilities, schools, health facilities, community space and ancillary retail to support local neighbourhoods. There are likely to be a number of economic impacts other than those directly related to jobs and demographic changes associated with sustainable urban extension. Many of these will be qualitative in nature rather than quantitative, but they are still important. They include improved economic resistance, health and well-being, tourism and leisure, and the scheme will be an important driver to help regenerate the area. It has been said that green cities, towns and villages are healthier, more prosperous and safer. Studies have also found that UK householders living in greener urban environments are likely to have lower levels of mental distress and higher levels of well-being. I wish to formally declare that I am leader of North Lincolnshire Council and to say that we will be submitting a bid for garden city status.

We must ensure that when it comes to master planning, local people's knowledge and, importantly, concerns and aspirations are taken into account. In the larger context, being part of the Lincolnshire devolution deal does not only bring together all leaders. Together, we can influence and have accountability by making those decisions locally as well as collectively—all culminating in driving local aspirations, making our vision and ambitions bigger and bolder, and having the opportunity to influence and have a say, whether it be on the northern or the Midlands powerhouse agenda, while giving confidence to be bigger and bolder and putting the "great" back into Greater Lincolnshire. We will get a grip on driving wealth and business and give those opportunities to everybody, making sure that everybody knows that Lincolnshire will be open for business.

The partnership between central and local government should recognise the need for long-term certainty to secure the financial support and expertise of developers. Indeed, if new communities are to be successful, they need strong political support and community leadership, with a clear vision and a strong commitment. Creating and maintaining momentum around a new community is integral to its success. I conclude by saying that we all know that local councils and communities are at the heart of delivering new places to live. That is what people are demanding—to own a home of their very own.

7.10 pm

**Lord Trees (CB):** My Lords, in the few minutes I have I want to talk about one of Defra's areas of responsibility—animal welfare—of which, I regret there is no mention in the Queen's Speech. However, I know the Government are committed to improving animal welfare and, among other things, there was an undertaking in the 2015 election manifesto to introduce a Bill concerning wild animals in circuses, which I will come back to in a moment.

Animal welfare is a subject of major concern to the people of the UK. Members of another place will tell one that animal welfare is one of the major issues in

the mail they receive from their constituents. In a survey in 2015, 76% of the UK population surveyed felt that the welfare of farmed animals should be better protected than it is now. The public good of improving animal welfare is reflected in the huge support given to various animal charities. In the UK, we have high welfare standards compared to much of the rest of the world, but there is still much to do in the way we rear and slaughter animals for food, in the way we care for companion animals and in the way we protect wild animals. I recognise that the Government are aware of many of these, so it is regrettable that no new measures are specifically proposed in this Session. I sincerely hope that the words:

"Other measures will be laid before you",

will indeed include addressing some outstanding animal welfare issues.

I shall begin by discussing wild animals in circuses, for which a draft Bill has been published. While I support the intentions behind the Bill, there are difficulties with it, not least of which is accurately defining "wild" and "circus". For example, would a display of birds of prey at an agricultural show fall into this category? Notwithstanding that, this issue attracts public attention but, to be frank, in terms of the number of animals involved, there are considerably more important welfare issues; I understand that currently just 18 animals are licensed for use in British circuses.

Without agreed national priorities, may I suggest some of the matters that deserve our attention? Probably the biggest single cause of animal suffering in terms of the number of animals involved and the nature and duration of their discomfort is disease. Ironically, while we all know how debilitating and painful it can be for ourselves, we rarely think of disease in the context of animal welfare, but disease is an animal welfare issue. When we consider the costs of animal disease research and surveillance, it is important that we are mindful of the benefits to animal welfare as well as those to improvements in productivity.

It is incumbent on those of us who eat meat—I count myself among them—to ensure that animals are not only reared humanely but killed humanely. I do not intend to dwell on the issue of non-stun slaughter—so-called religious slaughter. All I say is that there is good evidence that stunning removes unnecessary pain and, in so far as I understand the religious issues, modern stunning methods are compatible with historical religious requirements if the will is there among religious leaders. It is regrettable that the introduction of the Welfare of Animals at the Time of Killing (England) Regulations—the WATOK regulations—in November last year failed to include critical parameters to ensure adequate water-bath stunning of poultry prior to religious slaughter. It is also a matter of great regret that the number of sheep killed without stunning has risen between 2011 and 2013—just two years—by more than half a million animals, based on Food Standards Agency surveys. Irrespective of whether killing involves stunning or not, in order to ensure existing laws are observed at slaughter, compulsory CCTV should be introduced in all abattoirs and the stored record should be available for independent scrutiny. This is something that the Farm Animal Welfare Committee has

[LORD TREES]

recommended and that the British Veterinary Association has called for. How many more undercover exposés, the latest reported in the *Times* as recently as 12 May, are needed to persuade us that this is essential? While offences may occur in only a minority of abattoirs, let us not be guilty of turning a Nelsonian blind eye to what we know is happening.

Turning to companion animals, the current consultation on animal establishments is to be welcomed. For example, there is widespread abuse in the area of breeding and selling puppies for commercial gain which needs to be addressed, and I look forward to the Government bringing forward legislation on this in the near future. Staying with dogs, it may come as a surprise to your Lordships to know that dog fighting still goes on in the UK. A recent report by the League Against Cruel Sports suggests that one dog fight occurs every day somewhere in the UK. The league is to be congratulated on its new campaign against this cruel practice which, given its close association with other aspects of criminality and abuse, needs to be taken more seriously.

Time prevents me discussing a number of other important and substantial issues. We, as the top species of animal on our planet, have a duty and responsibility to ensure that other animal species, be they domestic or wild, are treated humanely. I urge the Government in the coming Session and for the rest of this Parliament to ensure that legislative changes help us discharge that duty of care.

7.16 pm

**Lord Framlingham (Con):** My Lords, I shall speak about HS2. I make no apologies for returning to the attack on this ridiculous project. The Second Reading of the High Speed Rail (London–West Midlands) Bill was sadly without a vote, so no one was able formally to register their opposition. Since then, I have spoken to many people about HS2. The almost universal response I get is that it is a complete waste of time and money, but it will happen. The common, constant refrain is, “It will happen. It’s going to happen”. It will happen, at least in its present form, only if we let it. That is why we are here: to justify the need for it and, if we cannot or will not stop it, to make sensible revisions.

Perhaps we would have had a clearer idea of Members’ views in this House if we had voted at Second Reading. In that debate, I was the only speaker who was against the project going ahead—or, at least, who was prepared to say so. Every other speaker opened their remarks by saying that they were in favour of the scheme, and proceeded to explain to your Lordships in great detail their deep concern about the serious problems that would be created by its construction and operation: from disruption to the headquarters of the Magic Circle to chaos at Euston station, and from the size of the rolling stock to the devastation in the Chilterns Area of Outstanding Natural Beauty. There was deep concern that no consideration had been given to alternative routes or proposals.

I still believe that spending £55 billion to get to Birmingham a little quicker is madness. Because it is not essential, because it is so contentious and because

it is being driven straight through beautiful countryside, including an area of outstanding natural beauty, if it goes ahead, a minimum requirement is that every care must be taken to protect the countryside and the people who live on the route. The most important issue here is the need for a fully bored long tunnel under the Chilterns, for which there is a huge amount of soundly based and convincing evidence. It is quite feasible. High Speed 2 (HS2) Ltd has accepted that a longer tunnel through the Chilterns is feasible in terms of construction and railway operation, can be built within the necessary timescales, would provide significant environmental, social and business benefits and is environmentally preferable to its scheme. The tunnel extension granted by the House of Commons still leaves more than 40% of HS2 on the surface in an area of outstanding natural beauty.

All these issues, particularly the tunnel question, are to be considered—and, I trust, considered very carefully—by a Select Committee of your Lordships’ House. The advice of the clerks is that,

“it will be a matter for the Select Committee to decide whether or not to hear argument on matters that could give rise to an amendment amounting to an Additional Provision. If such an instruction were agreed by the House and the Bill were subsequently amended to include an Additional Provision, it would have to return to the House of Commons for Commons Consideration of that amendment. It would be a matter for the House of Commons to decide the procedure that should apply to that new Additional Provision”.

That is a little complicated but not impossible, and surely the most important thing in a project like this is to get it right.

There is a feeling abroad—nothing more than a rumour at present—that the Select Committee will simply go through the motions and will not have the power, the authority or the temerity to disturb what the House of Commons has already set out. I sincerely hope that this is not true, and I would be grateful if the Minister put the record straight when he replies to the debate. If there were any truth in it, it would be disastrous on two counts. First, it would prevent the most careful protection of our countryside taking place, and as trains rattle along the line in future, if they ever do, it will be a permanent and regular reminder to future generations of the careless attitude of Parliament to things that they hold dear. Secondly, it would portray your Lordships’ House as toothless and raise again in the minds of those affected questions about our purpose and our worth.

I still cling to the hope that this project will not go ahead. Just think what could be done with £55 billion: so much good so much more quickly, with much less harm. If it does proceed, everyone with concern for our countryside—in this case the Chilterns but it could be the Lake District, the Yorkshire dales, the Peak District, the Cotswolds or the national parks—must fight to the bitter end to get the protection it so obviously deserves.

7.21 pm

**Baroness Thornhill (LD):** My Lords, I declare an interest as the directly elected mayor of Watford and a deputy chair of the LGA.

Local authorities are seeing an unprecedented rise in homelessness—according to Shelter, a rise of 33% since 2010 in people accepted as homeless by councils, the main cause being eviction from a private sector tenancy. In my own authority, the number of households in temporary accommodation has quadrupled in five years. So it is not surprising that there are concerned responses to the teasing trailers in the gracious Speech and from the Department for Communities and Local Government saying that there will be upcoming measures to work with local authorities, homelessness organisations and across government departments to consider options, including legislation, to prevent more households becoming homeless. It is also rumoured that the current legal duty will be extended to include more people and that council intervention will be earlier in the process, as has been legislated for in Wales, and that this will form part of the life chances strategy. Amen to that. Who would not agree that prevention is better than cure? It could even in the longer term be cheaper, and certainly more effective, in reducing the emotional damage and the social costs to families of the current system. I get the rhetoric and I applaud its intention. I agree with the principle to abolish the invidious division between priority and so-called non-priority needs, as mentioned by the noble Lord, Lord Young. The rhetoric is admirable but, without a full working knowledge of what the reality means and will actually cost in practice, good intentions will turn into empty gestures.

At the moment, councils in England provide what you might call a gatekeeper model for dealing with applicants for homeless housing. Many councils see only the very needy and the most desperate getting help, support and advice and being housed. Most councils see people at the point of no return, when they turn up in the customer service centre with their bags. They are the tip of the housing crisis iceberg. Then, the battle really begins. It can often feel as if the main objective from the council officer's perspective is to get rid of them if at all possible. That may sound cruel and inhumane, but it is because they know there is often literally nowhere to put them.

I used to get the weekly figures of families we had deemed to be homeless—that is, they had got through our first gate. In our medium-sized town, if the figure got beyond 50 I started to worry, as it meant we were going to have to put families in bed and breakfast accommodation, which for obvious reasons we used to pride ourselves on never using. Call me a total softie, but I wept when faced with the reality that B&B was now going to be used all the time for the foreseeable future, and for a longer time per family, as we contracted with hotels and landlords for even more temporary accommodation in the face of ever rising numbers. Now, a hotel room in Watford is a less bad option than accommodation miles away. With over 250 people regularly in temporary accommodation, it is now our top priority. The average stay has increased from a few months to between one and two years, depending on the size of property needed. The demonstrable reduction in social and affordable units over the last few years has made the wait even longer. The developers' newly given power to challenge local authorities over the provision of social housing has impacted significantly on our number of homes.

The challenge of actually finding somewhere the local authority can afford to house families has driven us and others to look beyond our boundaries. Yes, I know that that has serious consequences; I have met and spoken with the families. However, with London boroughs housing their homeless in Watford and offering incentives to landlords that we cannot possibly match, a pernicious, vicious circle is created in which desperate families and cash-strapped local authorities are both trapped.

The next battle is the question of whether the families are intentionally homeless—in other words, does the council have a legal duty to house them? This is a nasty, intrusive process, with private lives and bank balances being picked over in order to avoid accepting that responsibility as officers are tasked with sharing out an increasingly scarce resource, making extremely painful decisions that impact on people in possibly the most troubled circumstances of their lives.

We are firefighting a crisis that is fuelled by one major factor: there are just not enough social and affordable homes in many parts of the country. In Wales, where the culture appears to have changed due to this type of legislation, there are certainly lessons to be learned, but evidentially, there is not the same shortage of homes as there is in England, particularly in the south-east. I fear that this new legislation alone will not produce the homes that are vitally needed, and I regret that the measures in the recent Housing and Planning Bill will do little to change the situation at that end of the market. To extend councils' obligations and duties to support, advise and house an even wider pool of people simply through legislation, however desirable, will not on its own, under current circumstances, find them either a bed for the night or a home for life. I wish it were otherwise.

7.28 pm

**Lord Inglewood (Con):** My Lords, I begin my short contribution to this debate by reiterating the declarations of interest that I have put in the register. While I have been a consistent, long-standing and, I hope, considered supporter of membership by this country of the EU, I have equally been a consistent and long-standing critic of a number of aspects of it. Of all these, perhaps the one that I have been the most vociferous about is the common agricultural policy. A number of the mechanisms that it has introduced have been more or less completely dotty. However, as I get older I increasingly come to recognise the value of the underlying ethos of the idea of interdependence between town and country. There is a danger of losing it in the UK, which is the same kind of issue as the division between London and the south-east of England and the rest, which my noble friend the Minister alluded to in his opening remarks.

It seems that politics here at Westminster is increasingly conducted in a bubble. Certainly for my own part I felt that the Select Committee on National Policy for the Built Environment, on which I served, and the subsequent debates in the Chamber of this House during the passage of the Housing and Planning Act, focused excessively on the problems faced by the south-east of England and London, and did not sufficiently recognise different but equally important difficulties that are experienced elsewhere in this country.

[LORD INGLEWOOD]

It is a commonplace that the character of the economy in the 21st century is changing. The importance of things such as intellectual property, natural capital and ecosystem services becomes ever greater. It seems that these in turn cannot necessarily be paid for and hence exploited to the best advantage by traditional market mechanisms. This in itself is nothing novel—after all, we are used to having seen it in the context of the Armed Forces, health and education.

In my own home county of Cumbria, tourism, based on landscape, is the biggest employer. The area is of huge value to the rest of the United Kingdom, our national inbound tourist industry and to this country's soft power. Yet in reality much of this is a by-product of livestock farming, an activity that is completely “down in the economic dumps”. The environment requires investment and creates wealth—which I am very conscious of, as I am the chairman of the Cumbria Local Nature Partnership. And yet there seems to be no way to bring all these things together.

It is self-evident that government cannot do much about world commodity prices, but there is little doubt that the nation is getting rural Britain on the cheap, and the rest of the country is freeloading on the back of it. Its contribution, both actual and potential and taken in the round, is enormous as regards the way wealth will be created in the 21st century.

In the case of my own county of Cumbria, we are recovering from the floods. I put on record my appreciation as a vice-president of the Cumbria Foundation for the match-funding of £5 million the Government have given to that foundation. However, there is still a lot of long-term unquantified damage, particularly to both land and buildings, both of which are wasting assets and require long-term maintenance.

After having thought about it for quite a long time and having had doubts at one time, I see the economic sense of the minimum wage. However, let us remember that its impact on employers is greatest on those who can least afford it. Low-wage areas will find it hardest to achieve what is demanded by statute, and what is simple in SW1 may be very difficult in CA10.

Others have pointed out before me—again, it is another commonplace—that broadband provision is lamentable in many places in this country, not only in rural but in urban Britain as well. I regret to say that I live in one of them. The problem was identified by the Communications Committee when I chaired its report into broadband more than five years ago. While the Government's recent words on the subject have been fine, they will not butter any parsnips. What is needed is action, which hitherto has been conspicuously absent. It is simply a matter of results, results, results, and delivery, delivery, delivery.

However, probably the biggest problem facing the agricultural sector in this country is the Rural Payments Agency. It is not appropriate and nor is there time available to relate its treatment of my personal affairs, but my experiences are typical. It is a failed organisation, with which no self-respecting person should wish to be associated. However, it is more than that—it is Brexit's best recruiting sergeant in rural England, which is particularly ironic since it is the UK's own delivery

arm of EU policy under the doctrine of subsidiarity. Its shortcomings are exclusively the responsibility of Defra and it causes untold damage.

In conclusion, I suggest to the Minister that all Defra Ministers are where the buck stops—at this point I apologise to my good personal friend and MP Rory Stewart, for whom I have the highest political and personal regard—and that each of them should have their ministerial pay frozen from the opening of the payments window until the last farmer receives his payment. At this stage I do not suggest that they lose it all for making a minor and unintended mistake in the course of their duties, as is the case for the farmers, but in this way they will be able to stand shoulder to shoulder with the victims of this travesty of public administration. I would be grateful to hear the Minister's thoughts on this and the reasons for what he tells me.

7.35 pm

**Lord Truscott (Ind Lab):** My Lords, I too congratulate the right reverend Prelate on her excellent maiden speech. I will speak on energy in Your Lordships' House today, given both its importance to Her Majesty's Government's programme and because of recent developments which imperil its stated aims.

It is fair to say that the Government's energy strategy is not going quite to plan. The proposed nuclear power plant at Hinkley Point is in doubt; as we have seen, fracking for shale gas is meeting local popular resistance in areas such as Yorkshire; North Sea hydrocarbon companies are under pressure from the collapse in the price of oil, bringing with it redundancies and curtailed investment; and the renewable sector is in uproar following the axing of subsidies for solar and onshore wind power.

Our climate change commitments, briefly alluded to in the gracious Speech, together with EU directives, mean a loss of generating capacity with an increasing danger that the lights may go out in the UK if the Government fail to get their act together. Energy security—an essential prerequisite for any Government—may evaporate in the process.

A couple of weeks ago, for the first time since the 19th century, on several occasions the UK stopped producing electricity from coal altogether. More power now comes from wind farms than from coal, and solar produces more energy than fossil fuels. I am well aware of the need for energy security in the UK. In 2006, at the time the UK committed to a new generation of nuclear power, I was Energy Minister while Russia and the Ukraine had their first “gas spat”. Low carbon nuclear, with renewables, would keep our lights on while cutting our carbon emissions, and I strongly supported the promotion of both.

Ten years on, UK energy policy does not seem to have developed very much. True, renewables have expanded their share of the energy mix, but our nuclear programme has stalled and our hopes for the future seem to lie with French-owned EDF, the Chinese, and shale gas. None of these inspires wholehearted confidence, including on the board of EDF or within the French Government themselves. The willingness of Beijing to step in to guarantee our energy security seems like a contradiction in terms, and one which makes some security experts nervous.

Her Majesty's Government believe that they have found a silver bullet with shale gas. Development in the UK, it is argued, would enhance energy security by reducing our dependence on imported gas from countries like Qatar and Norway. Shale gas, we are told, would boost the UK economy, generate jobs and benefit local communities. However, the evidence from elsewhere is mixed.

There is a growing body of scientific evidence, from the US and Canada, that hydraulic fracturing, or fracking, damages the environment and provides only a short-term boost to local economies, which can then collapse in a downturn, as is shown in today's *Financial Times*. This has already happened in the States, where an increasing number of oil and gas companies are going to the wall. Just this April, 11 US energy companies applied for Chapter 11 bankruptcy protection, and altogether 130 American companies have gone bust, costing 130,000 jobs. The majors have largely pulled out of US shale altogether, and at the same time President Obama has announced a new crackdown on methane leaks from US shale oil and gas producers. Meanwhile, shale development in Poland has been mainly abandoned.

The global oil glut caused by the North American shale revolution, combined with declining Chinese demand and sustained Saudi, OPEC and Russian production, has caused a dramatic collapse in the price of oil, which has rubbed off on gas. The international oil companies have put on hold some \$400 billion of future investment in new hydrocarbon fields.

The UK continental shelf is suffering, and at less than \$50 a barrel is no longer in economic play. With Saudi determination to snuff out relatively high-cost shale in the US and maintain its market share, shale is destroying jobs overall rather than creating them. At current market prices, shale in the UK is simply not economic.

On the environmental side, the Government seem determined to ignore the evidence. When confronted with the evidence of thousands of earthquakes in Oklahoma, for example—584 in one year alone—the Minister, the noble Lord, Lord Bourne of Aberystwyth, told me that we should not worry because the “geology was different”. When informed of another authoritative report from Calgary University researchers and the Alberta Geological Survey linking earthquakes with fracking, the Energy Minister dismissed it out of hand.

The fact is that no one quite understands the science behind fracking. More worryingly, the Government do not seem to want to know because it debunks a key strand of their energy strategy, such as it is. By its very nature, fracking requires the constant drilling of new wells, as each well has a limited life expectancy, with production tailing off after about 18 months. Drilling hundreds of wells may work on the wide open prairies, but will that be the case in our national parks or outside Blackpool?

The technology of fracking cannot be uninvented. Unconventional and tight oil and gas will continue to be exploited by new technologies such as fracking and horizontal drilling in other parts of the world, yet in the dash for shale we should be aware that the energy world is changing. The G7 has demanded an end to all fossil fuel use by the end of the century. The world's

global energy mix will change radically by 2040, from a system comprising two-thirds fossil fuels to one where 56% of energy comes from zero carbon-emission sources. Saudi Arabia, seeing the writing on the wall, is seeking to end its dependence on oil and gas in 15 years. Electric cars, carbon emission restrictions and new technology will eventually make fossil fuels redundant.

In ensuring our energy security, we should take care not to unquestioningly embrace sources of energy which may do more harm than good to the environment, local communities and the country.

7.42 pm

**Lord Bruce of Bennachie (LD):** First, I congratulate the right reverend Prelate on her speech and on her passionate espousal of her own area of the north-east of England. Of course, in Scotland the north-east is the area around Aberdeen and Aberdeenshire, but both areas are equally feisty and equally beautiful, and we all enjoyed her speech very much.

I would have spoken in the debate on Monday, had I been here, because of my interest in international development and foreign affairs, but I was taking part in the World Humanitarian Summit in Istanbul. I came back just this morning, so if I fall asleep in the middle of my speech, noble Lords will know why. I refer noble Lords to my interests in the register. The summit highlighted a perceived shortfall of \$15 billion in the funds needed to deal with the crises that are anticipated in the coming year. Clearly, we have to find not just more money but better ways of spending it, and there has to be more co-operation. That kind of co-operation and innovation was highlighted at the summit. I think that the role of the insurance industry in helping to fund humanitarian aid can be developed significantly, releasing a great deal more funding. There is also room for greater participation by the private sector.

Following on from the noble Lord, Lord Truscott, I want to address specifically the North Sea oil and gas industry, and I hope to look for slightly more optimism than he did. This is my area and it is very close to my heart. I have had a close engagement with the sector since 1971. I have seen several cycles of boom and bust but it is fair to say that the present downturn is the most acute. However, I remember the pain of 1987, when people went into banks and building societies and threw the keys over the counter because they could not keep up the payments on their mortgages. Real pain is being experienced.

Although the price of Brent crude has crept up to just under \$50 a barrel, it is a long way short of the \$100-plus average of the last few years. The market is volatile and there is very little confidence. Thousands of people have been made redundant and the job market in Aberdeen is very difficult, with scores of people chasing every vacancy.

The industry is going to have to rethink its engagement in the UK continental shelf. This is a mature province where costs are high and the challenges severe. The industry has to deal with water depth, the weather, currency, engineering challenges, tax changes and all kinds of uncertainties. There are still substantial reserves

[LORD BRUCE OF BENNACHIE]

under our waters but the question is: can we get the costs and the regime into a position where the reserves can be released? I suggest that, as long as we need fossil fuels, it is much better that we use UK fossil fuels than increase our dependency on imports.

Costs are being cut dramatically. We also have to remember that the North Sea has accounted for something like 20% of all fixed industrial development every year for the last 40 years. In the year before the downturn, there were £10 billion-worth of high technology exports worldwide from our expertise, especially in sub-sea technology. This is not something that we should just throw away; we should invest in it. What will the Government do to address the recovery?

I commend my colleague the former Energy Secretary Ed Davey for his initiative in commissioning the Wood review, which identified some of the challenges. It proposed not only the tax changes to reverse the disaster of the 2016 Budget but the setting up of the Oil and Gas Authority. That authority is up and running but we need to see it taking action. What is needed now is co-operation among those in the sector to invest in new infrastructure and to use existing infrastructure much more cost-effectively as one of the best ways to get costs down and make the industry competitive again.

The other thing that I would like to say to the Government is that exploration has come to a virtual standstill. There is very little appraisal and absolutely no exploration. If we do not identify the reserves in the North Sea, which we know to exist, there will be no future because there will be nothing to produce. Are the Government prepared to work with the industry to see what can be done to stimulate exploration and appraisal to bring the industry back to at least being a major component of the British economy? Indeed, the downturn in the oil industry contributed to the beginning of the recession in the UK. That is how important it is to the overall UK economy. Indeed, it is probably our biggest and most dynamic industrial sector.

Having spoken about oil and gas, I will make it clear that I fully support our ambition for a zero-carbon economy and low-carbon transition. I think we all recognise that while we get there we need to use fossil fuels efficiently. I should like to see carbon capture and storage, and, if we are not prepared to invest in it, I hope that other nations will give us the technology that we can use. Of course, fossil fuels will still be required as a feedstock, even when they stop being actual fuels.

I think that the Government and the industry are working together better, but more needs to be done to ensure that, as oil prices recover, as the industry gets its costs down and as the tax regime becomes more favourable, we get back on track and make sure that we maximise the potential for the industry in terms of our own fuel resources and our high-tech industry, which depends on having an active home market.

I will make a final comment on the referendum from a Scottish perspective. It is being stated that if Britain were to vote for Brexit, which I hope it does not, this would trigger the case for another referendum on Scottish independence. I suggest to the House that,

on reflection, the assertion is preposterous. In reality, to my mind it is not credible that the other 27 members of the EU would be the slightest bit interested in discussing Scotland's future relationship with the Union before they had resolved Britain's exit. The terms of that exit would be absolutely crucial to Scotland's future. I find it very bizarre that the SNP is so enthusiastic about membership of the EU but regards membership of the UK as the biggest obstacle to Scotland's progress to success. It is an absurd proposition. The reality is that we would be faced with probably three different currencies running together to enable Scotland to opt out of its biggest single market—the UK—in order to try to be competitive in the remaining single market that it sought to join. I do not think that any sensible Scot would vote for another independence referendum in that context.

7.49 pm

**Earl Attlee (Con):** My Lords, I take this opportunity to welcome most of the Bus Services Bill. Buses are vital for the economy, the environment and, most importantly, for people. In the year to the end of March last year, some 4.65 billion passenger journeys were taken by bus in England—that is far more than any other form of public transport. In many cases, they provide the only way to get to work, shops, healthcare facilities and so much more. For buses to serve their passengers, prospective passengers and passengers in the future, they must be reliable, affordable, accessible and environmentally friendly.

Time and again, the annual bus passenger survey carried out by Transport Focus highlights that punctuality is the top priority for passengers. Delivering high-quality bus services with a friendly and fully motivated bus driver, that go where passengers want to go, at times when people want to travel and at a fair price is a shared responsibility. When operators work together with local authorities, real benefits for the passenger are achieved. The most recent Transport Focus surveys have put overall bus passenger satisfaction rates at around 90%. Bus operators must be doing something right. I can think of many sectors that would love to have such a high rating from their customers.

So why is the Bus Services Bill necessary? Partnership working between bus operators and local authorities appears to work pretty well and passengers are happy. The seeds of the Bus Services Bill were sown some 18 months ago when the Chancellor announced a devolution deal for Greater Manchester which would give the combined authority, under the leadership of an elected mayor, powers to take control of its bus services and run them under a franchise arrangement. Can the Minister confirm that his right honourable friend the Secretary of State for Transport was closely involved in the negotiations in the run-up to the announcement? I suspect that the Minister would prefer to write to me on that point.

Bus services are local services, delivered locally to meet the needs of local people by a bus operator with local knowledge. In many cases, these local bus operators have many years of experience—often a life's work—in doing just that: meeting the needs of their passengers. If a local authority chooses to use the franchising powers afforded to it under the Bus Services Bill, bus

operators could find themselves out of business. Your Lordships should be aware that there is nothing in the Bill to suggest that these operators would be compensated. I have some worries about this and the commercial value of data relating to route activity, and I cannot help but worry about the effect on investment.

As I have said, partnership working has served the passenger very well over the years. Where passengers stand to get an even better deal under the new partnership arrangements set out in the Bill, that will be great. However, it will be important that these arrangements allow operators to grow patronage and retain their commercial freedom.

The Bill is very much an enabling Bill; there is no compulsion on local authorities to franchise their bus services. If the existing working arrangements between operators and local authorities are achieving results for all concerned, again, there is no need for any change, so far as I can see.

The measures in the Bill about ensuring that passengers have access to information on routes, timetables and fares are welcome. Making available real-time data on bus arrival time is extremely important and will facilitate exciting new IT capabilities. I look forward to hearing more about that when we get to Second Reading and Committee on the Bill.

Finally, the noble Lord, Lord Giddens, in his interesting speech, talked about what we need to do to improve the manufacturing sector in the UK. I would like to add something: we do not hold our engineers, both at professional and technician level, in high regard socially. In fact, I think we are a bit snobbish about this at all levels. It is vital that we improve the social standing of our professional engineers, much in the way that it is in Germany, where it is Herr Doktor Engineer—do not try to talk to a German engineer about problems with your washing machine because you will get short shrift. We must improve the social standing of our engineers if we want to be in a similar position to Germany.

7.54 pm

**Lord Berkeley (Lab):** My Lords, I also welcome the Queen's Speech with its interesting number of transport-related Bills. The Minister spoke about the need for investment in infrastructure and about the northern powerhouse, which several other noble Lords have mentioned. He is absolutely right. However, as my noble friend Lady Jones said, there is still a terrible mismatch between spend per unit of population in the south-east and that in the northern powerhouse—I think it is about 10:1.

The noble Earl, Lord Caithness, challenged the Opposition to say where the money would come from. I can offer two suggestions that may interest Ministers. The first is to cut the specification of HS2, without stopping it or building longer tunnels, or anything else that the noble Lord, Lord Framlingham, might have wanted. I think that £10 billion could be saved with no additional provisions, just by reducing the specification. You do not need to go 400 kilometres per hour to save 20 minutes in getting to Birmingham, to then have to walk for 20 minutes from the new Birmingham station to the old one. A lot of money could be saved there.

Another interesting suggestion is to save money by cancelling the Thames tideway tunnel. I am sure Ministers will say that that is impossible. However, the capital cost is about £4.2 billion and the *London Infrastructure Plan 2050* quotes Professor Colin Green, professor of water economics at Middlesex University, as saying that if you implemented the integrated water resource management as an alternative you could save £36 billion—and yes, I have got the figure right. That sounds rather a lot, but of course it is over 30 years. Quite a lot of savings could be made there, and maybe that will help redress the balance and bring a little common sense to these big projects.

I turn now from large to smaller projects and the buses Bill. I am not going to go into it in detail now because we will have plenty of opportunity for that. There are some very interesting and welcome governance arrangements in the Bill, particularly for franchising, which are very similar to passenger rail. A local agency, a council or a not-for-profit organisation specifies the timetable, fares and other customer needs and puts it out to tender, awards contracts and monitors performance. They can run alongside open access or commercial services, just like on the railways. Of course, they are all designed to provide an environmentally friendly, economically available and affordable service. I think we could say that that is a sort of powerhouse for all, particularly in the north.

However, I live in Cornwall, which is—I am very grateful—included in the franchise option. Change is needed—the bus services are pretty bad and integration with the trains is sometimes bad—but it does not always happen. There is one place, even further away, that is completely left out: the Isles of Scilly. My partner lives in the Isles of Scilly, so I go there quite often. It does not appear that anything is happening there to move the economy forward. There is of course great tourism, but the transport is pretty awful. The income values are as low as in Cornwall, which receives money from the EU structural fund, as we know, and things will get worse if we follow the line of all the Tory MPs in Cornwall who, with one voice, want to leave the EU. Most of the money for Cornwall and the Scilly Isles comes from the EU. However, that is an aside. In Scilly, there are no council-specified transport projects and no specification on price, timetable, quality or frequency—it does not exist. There is no ferry in the winter. Air services are often disrupted by fog and sometime the islands are cut off for days, with over 2,000 people living there. The charges are also shooting up. Last week, a single journey on the ferry cost £55 and was £82 by air. If you want to take your partner and a couple of kids—the family—there and back it does not half cost a lot of money. Freight costs are 40% higher and the dear old “Scillonian” is 40 years old. It is probably the oldest passenger ferry in Europe unless there are a few limping around the Greek islands that are a little older, but we do not want that. The real challenge for me is that there is one monopoly supplier that, sadly, ignores complaints large and small and fails to engage.

I welcomed what was in the Bill for buses and thought that maybe there could be an amendment to include ferries. I am not sure that the Minister would like that and it would probably not be appropriate.

[LORD BERKELEY]

But could one have a kind of franchise for a community-led service specifying quality, fares, frequency, services and affordability rather like what has been done in the Scottish islands, because tourists are honestly put off by the charges. That is the solution. The current monopoly supplier will not consider any outside interference in services, new craft or support or even an interest in a winter service. There is no evidence of a replacement for the "Scillonian", and it is unlikely unless the fares go up even more. Unfortunately, as happens in so many small islands, there is an unwillingness to speak out so it is something that needs to be considered.

I do not expect the Minister to respond tonight. Perhaps he would like to write to me—I expect he has a few letters to write. Something along the lines of the bus franchising Bill would be a real shot in the arm for the Isles of Scilly. We have gone beyond the stage when Ministers can say that there is a viable service operating at the moment. It may be viable for the shareholders, but not for the people of the Scillies and their visitors.

8.01 pm

**Lord Oates (LD):** My Lords, I join other noble Lords in congratulating the right reverend Prelate the Bishop of Newcastle on her compelling maiden speech. We are debating the economic elements of the gracious Speech at a time when millions of people in western democracies are concluding that the current economic settlement no longer works for them, and that mainstream politics offers no answers to the unsettling economic changes they are grappling with. This gracious Speech will only confirm their lack of faith. It fails to acknowledge, much less to tackle, the profound challenges to our economy. Corporate executives continue to gain super-rewards for inadequate performance, while real average wages are stagnating and traditional modes of employment are disintegrating. Productivity remains stubbornly resistant to improvement. Our public services are suffering under the strain of six years of austerity. Our banking system remains unfit for purpose, as the noble Lord, Lord McFall, so eloquently set out. If that were not enough, the Conservative Party has decided that this is the moment to gamble Britain's economic future in an EU referendum.

Rarely have a Prime Minister and Chancellor so nakedly placed their political interests ahead of the interests of their country and the jobs and living standards of millions of their fellow citizens. For whatever the result of this referendum, Britain is already paying the price in slowing economic growth and deteriorating public finances as a result of investments frozen and spending put on hold. That matters because it means jobs not created, pay rises deferred and real lives made harder. God willing, we will not compound this folly with the profound economic shock that would follow exit from the European Union. Whatever the outcome, we will still have to face two major challenges—how we provide an economic framework that can serve the needs of the British people in an era of exponential technological change, and how we can ensure that the benefits of this new economy are

spread fairly and do not continue to accumulate in super-rewards for the few and super-economic insecurity for the many.

Between 2008 and 2015, real wages fell in Britain by more than 10%. That is the longest decline since the middle of the 19th century, and wages for the majority have barely risen since. On top of stagnant wages, workers have seen other benefits such as pension entitlements curtailed or withdrawn. An Uber economy is increasingly developing, where workers are expected to employ themselves, with no entitlement to sick pay or holidays, while corporates enrich themselves at the expense of a workforce for which they refuse to accept any responsibility. While employment insecurity grows and average wages have declined, the gap between average wages and the remuneration of top executives has widened every year.

No believer in a market economy should object to people being paid well for doing demanding jobs. But let us be clear. If someone employed by a public company is taking home annual rewards of £10 million, £20 million or more, as some British bosses are doing, that is not fair reward for a tough job—it is publicly acknowledged, politically accepted and legalised embezzlement. It would be one thing if these top executives were delivering extraordinary results for their companies, but most are not. Research conducted by academics at the University of Cambridge and the University of Utah indicates that CEO pay is in fact negatively related to future share price performance. It found that firms that pay their CEOs in the top 10% of excess pay see abnormal negative returns over the next three years, of approximately minus 8%. Overconfidence arising from being overpaid, the research finds, makes for bad decisions and poor outcomes for shareholders. Why have we tolerated this situation where a small minority of people reward themselves so absurdly? What motivates such absurd levels of greed and what callousness allows top executives to accept such inflated rewards, while holding down the wages of their fellow employees, to the extent that research from the high pay unit shows that chief executive pay is now 183 times greater than that of average employees?

The public rightly feel profoundly let down by the response of mainstream political parties. Between us we have acquiesced in economic outcomes that have profoundly distorted the market economy; we have allowed risk to be shifted from super-rewarded risk-takers on to the shoulders of ordinary taxpayers; we have allowed public companies to be pilfered by their top executives and corporate taxation to become an optional extra for the wealthiest corporations in the world; and we have not even begun to recognise, let alone prepare for, the profound changes that are coming in the economy. The Government should address themselves to these issues in the gracious Speech. They should craft a new economic settlement which celebrates and rewards effort and innovation but spreads the rewards fairly. They should propose a policy framework to provide security in the new employment environment in which people increasingly operate. They should tackle the threat to our economy from a still unfit banking system. They should reform the curriculum to ensure that every child, no matter their background, has the skills to benefit from an increasingly digital

economy. But they have done none of that. They are too busy repeating the tired-out mantra of the “long-term economic plan” to have noticed that they have no coherent economic plan at all.

There are very direct political consequences to this failure of mainstream politicians to tackle the real economic challenges that people face. Those consequences can be seen in the rise of the bombastic politics and beggar-my-neighbour economics of Donald Trump and the sinister success of nationalist parties right across Europe. If we are to avoid such outcomes in the UK, we have to address ourselves with much greater urgency to crafting a new economic settlement that will serve the interests of the many, not the avarice of the few. If we do not, before long we will have to face a new and unwelcome political settlement instead.

8.09 pm

**Baroness Howe of Idlicote (CB):** My Lords, I offer my apologies, because I shall be a little wide of the subjects listed for today's debate on the gracious Speech, as I will speak on the continuing need for protection online for children aged under 18 and then turn to the role of parents in their children's education.

I begin by saying how delighted I was to read in the background document published with the gracious Speech that one of the purposes of the digital economy Bill is the:

“Protection of children from online pornography by requiring age verification for access to all sites containing pornographic material”.

This, of course, represents the honouring of the commitment made in the 2015 Conservative manifesto. In their consultation earlier this year on age verification for pornographic websites, the Government reported the outcome of their research through comScore about children accessing adult sites in May 2015. This revealed that 1.4 million visitors aged under 18 accessed adult sites from their desktops and that the data represented 20% of those aged under 18 accessing the internet and 13% of children aged six to 14. In the context where we have the technology to allow the introduction of proper age verification, failing to do so is indefensible.

As noble Lords will know, I have long campaigned for this change through my Online Safety Bill, and I particularly want to thank all those who have supported me in raising the issue in this House. That it is a matter of real public concern was underlined yet again in a letter I received yesterday from the Cornwall Community Standards Association expressing the hope that the law will be implemented as soon as possible. I warmly congratulate the Government on taking this important step, and I pay tribute to the noble Baroness, Lady Shields, the Minister responsible, who has worked so hard on this issue.

The audio-visual regulations already provide some protection for children from accessing R18-rated material that is streamed from pornographic websites based in the United Kingdom. I am pleased that the Government propose in their consultation document that there should be an extension of the material to include pornographic content that the British Board of Film Classification would consider rating as 18. This is something for which I, too, have been urging for a

while. However, at the heart of the age verification challenge is the need to recognise what ATVOD reported on this issue in 2014, that 23 of the top 25 adult sites accessed in the UK were located abroad, and I have no reason to believe that the situation has changed. It is the material from outside the UK that is especially problematical and has in effect been unregulated. The key goal for the Government must therefore be to develop an enforceable means of requiring foreign pornographic sites projecting material into the UK to introduce robust age verification, whether the material being supplied is free or not.

Last year in my Online Safety Bill I proposed a licensing scheme based on the Gambling Act 2005 for those who want to supply pornography into the UK market from abroad. In Committee on the Bill, the Minister kindly described my proposal as an,

“innovative approach ... to solving this challenge”.—[*Official Report*, 11/12/15; col. 1811.]

The essence of my proposal makes it very clear whether a foreign website whose content includes either 18 or R18-rated pornography is in compliance with UK law by having a licence or not. It is a simple yes/no, and a criminal offence will have been committed for not having a licence and a statutory system of financial transaction blocking.

I have retabled an updated version of my own Online Safety Bill principally to highlight the robust statutory age verification enforcement mechanism set out in Clauses 8 to 12, so I look forward very much to the publication of the digital economy Bill, and I hope that the Government will study carefully the relevant clauses of my Bill, particularly when addressing the matter of enforcement.

Having sung the Government's praises, I must now turn to the education for all Bill and strike a rather different note. I am concerned about the Government's White Paper entitled *Educational Excellence Everywhere*, which presumably will inform the direction of the education for all Bill announced in the gracious Speech. There is much that could be said, but I shall focus specifically on the Government's proposals for school governors, and in so doing I must declare an interest as president of the National Governors Association. Paragraph 3.30 of the White Paper states:

“We will expect all governing boards to focus on seeking people with the right skills for governance, and so we will no longer require academy trusts to reserve places for elected parents on governing boards”.

It goes on to say that,

“fully skills-based governance will become the norm across the education system ... Parents often have these skills and many parents already play a valuable role in governance”.

But the point is clear: parents can contribute towards being governors, but the key fact that they are a parent is not fully relevant. What is important is that they have the right skills for school governance, to which it would seem that being a parent is only incidental. Some might think that this is a good message to send, but I do not. I fear that the Government are being tempted by what I have to describe as a rather technocratic view of schools in which governors may have special expertise unrelated to being a parent while parents principally seem to be treated as consumers who must

[BARONESS HOWE OF IDLICOTE]

be given lots of information to help them hold their school to account and, if necessary, complain.

I believe that schools should be regarded as a rooted outworking of their communities. One of the ways in which that is realised is by giving parents who live in the community and carry the ultimate responsibility for their children a clear stake in school governance via seats on school governing bodies. Parents are the ones with their feet on the ground, knowing what is happening at the school, what other parents are feeling and whether their children are thriving. Of course one can particularly encourage parents with additional qualifications to engage, but being a parent must in itself be recognised as one of the most important aspects of the appropriate qualification. In the end, schools act in loco parentis. Parents will not take kindly to the idea that they are being displaced from the governance of their children's schools by experts. I wish that the Government would think again.

I end by warmly congratulating the right reverend Prelate the Bishop of Newcastle on her brilliant, moving and historic maiden speech. I hope that it will not be too long before she has other women Bishops joining her on those Benches.

8.17 pm

**Baroness Scott of Bybrook (Con):** My Lords, I declare my interest in the register as leader of a unitary authority. It is a great privilege to be speaking for the first time in a debate on the humble Address, especially in this year of Her Majesty the Queen's 90th birthday. The gracious Speech included many issues that will be delivered or influenced by local government. The adoption Bill is welcome to ensure that any delays in the adoption process are minimised. Too many children have been denied timely, secure and permanent homes for too long because the system has failed them, often having long-term effects on their lives. But we need to look at and challenge the whole system, not just local government. Many times it is from the legal system that these delays occur.

I also welcome the aspiration of the Government that looked-after children deserve support for a longer period of time. If you are a parent, you will know that your own children often require a significant amount of help in their late teens as well as more advice and guidance as they begin to fly the nest—and so it should be for our looked-after children.

Local government plays a key role in working closely with developers and house builders to deliver the much-needed housing that we promised in the Conservative manifesto, and to play its role in ensuring the best possible life chances for young people by working in partnership with schools and colleges, and by enabling the supply of good-quality jobs in local areas.

Much of what a local authority does is work in partnership with the other public, private and voluntary sectors in their area to deliver services locally—none more so than health. They work with our local health providers to ensure, particularly for the elderly, that they have the ability to be treated in the right place at the right time. Often secondary care is not necessarily the right solution and care in the community is more

appropriate. Local authorities, with their public health responsibilities and their health and well-being boards, are in a unique position to assist their local NHS colleagues to minimise inappropriate admissions to the acute sector and to help to ensure timely discharge into the community.

Legislation to allow councils to retain business rates is welcome and something for which local government has pressed for many years. But the message from the Government needs to be clear—100% retained by local councils may be the fact but it is confusing for local people when their council retains maybe only 50% because of redistribution.

I will finish on an issue that is dear to my heart: devolution, and, particularly, the reorganisation of local government. Devolution is to be welcomed and I am pleased to see that the northern powerhouse is again mentioned in the gracious Speech. I look forward to seeing our other great cities getting similar freedoms and flexibilities in future. But surely we need also to be looking at the future of local government in the rest of England. Allowing a thousand flowers to bloom in different forms of devolution is confusing for our residents, partners and businesses. They want—and I have asked the question of them many times over the years—simple, strategic authorities with strong leaders delivering efficient and effective services, with no layers and certainly no new layers.

We also surely have a duty to use public money in the most effective way. The latest piece of work by county treasurers show savings of at least £5 billion over the life of a Parliament if England were reorganised into county unitaries—money that could be spent on children's services, adult care services, libraries, buses, or even to fill more potholes.

I therefore ask the Government to take a serious look at how our great cities and our great counties could work with government in a way that simplifies local government and is able to be more efficient and more effective, and to seriously devolve powers to local communities and to local people who feel close to their historic connections in their local governance.

8.23 pm

**Lord Morris of Handsworth (Lab):** My Lords, I, too, pay tribute to the gracious Speech. Despite the many conferences, forums, summits, measures and targets over the past 12 months, there has been only a passing reference to climate change. I am therefore pleased that today's agenda gives us the opportunity to raise wider issues of concern relating to the environment.

I am among the many who believe that for the sake of the next generation we have a responsibility to step back from our excesses and help to address the problems which endanger the environment. One way we can make a difference is by a very minor change in our lifestyle and behaviour. We can do that by recycling. I am fortunate to be part of a household which has recycled for many years without any particular encouragement from government. I recall one family member who collected newspaper for recycling many years ago to raise money for the Scout movement—until the bottom dropped out of the market and no one wanted recycled newspaper.

The need for us all to recycle is urgent. The UK's recycling rate for household waste reached 44.9% in 2014—not much up on the previous year. The EU target, as I understand it for the UK, is 50% by 2020, and I gather that the general view is that we might just not reach that target. I know that I am not alone in often finding it difficult to work out how we should recycle our waste. Neither am I alone in wondering how many of the things we carefully sort for recycling finish up in what is called a landfill site.

There appears to be a great deal of cynicism about recycling, which needs to be challenged—but not by red carding or fining householders for putting an item in the wrong place. My own experience explains why a rethink is necessary. First, on the subject of collections, we cannot all be at home on a certain day at a certain time to put out our bins. That is not possible. Personally, our household can deal with this by taking our recycling to the nearest centre. But that still presents a problem for us. Our nearest centre was six miles away until it was closed three years ago. Now the journey is a 15-mile journey in one direction. We are fortunate because we have a choice of different local authorities and we use whichever is closest to our business on the day. As recyclers by habit and nature, we have learned to live with that. But it is a terrible waste of time and it is not good for the environment.

Our biggest challenge is that each of those local authorities has a different recycling policy and different equipment and, indeed, different contractors. Even within the same local authority areas there are different rules. One does not take plastic bottles or cartons. One does not take shredded paper—and so it goes on. Much of the packaging for food items indicates whether the package can be recycled but not where it can be recycled, and since different local authorities have different facilities you are expected to check before you go.

Information on websites is confusing at best and inadequate at worst. When you call the local authority or ask for advice, generally speaking, the response is, “We don't know, just put it in the rubbish bin”. We recognise that different products might require different packaging, but do we really need so many different varieties? Why can there not be better co-operation between the packaging companies, retailers and local councils to share a common approach to recycling, to make it a friendly and rewarding experience for the environment?

If supermarkets sell items in packaging that cannot be recycled, perhaps—just perhaps—they should be given some responsibility for dealing with the package rather than the shopper. It is not only food which causes a problem. Packaging from internet shopping could sink us all, and much of it will not fit into the bins provided by local authorities. At home, two online purchases from the same store recently arrived in boxes big enough to hold a large dinner service. One contained one mug; the other contained two packs of floor-cleaning bags, both with metres and metres of bubble wrap. The boxes were recyclable, but what a waste for such a small item. The bubble wrap cannot be recycled so we have two problems for the price of one.

While many households recycle items such as books and clothing, I often wonder whether any action can be taken in co-operation with manufacturers, particularly of electrical goods. In recent times it seems that nothing is made to last or to be repairable. It is all about consumption in the end, which is damaging to the environment. We need a more effective partnership between manufacturers, supermarkets and retailers, including online traders. We need to reduce packaging and make it more environmentally friendly, while local authorities provide common facilities wherever we live.

Making recycling easier, friendlier and more purposeful will be a better start to get us toward that magic 50%. In doing so we must remember that the world we inherited was built by others, but the world we leave behind will be built by us.

8.30 pm

**Lord Cotter (LD):** My Lords, I will speak on the economy generally—so important for us all. Briefly, like many have already, I refer to the in/out referendum. I will not elaborate, other than to say that when it comes to the economy it is vital to build on our existing contacts, which are clear and important. Those advocating we come out have not said much specifically and tangibly about the economic future. We will be set adrift without ready replacement for the work we now enjoy through the EU.

Time and again when it comes to the economy, productivity, or lack of it, has been raised, as indeed it was by the Minister in his opening remarks and by my noble friend Lord Oates. I recently met with the organisation ADS, the national trade association for the UK's aerospace, defence, security and space sectors. It points to the fact that there has been a 30% increase in productivity growth in its sector in the last five years, compared with 2% generally across the UK economy. Why? It has a lot to do with the way it invests in skills and good management, and has a commitment to apprenticeships. The aerospace sector places a lot of emphasis on apprenticeships, thereby having a skilled workforce—so key to productivity. I have learned how key apprenticeships are to the high level of skills that such companies have—so vital for this sector and how supportive they are in this respect.

But, most importantly, I have learned from management in the space sector the emphasis that it places on working collaboratively with the workforce. It is vital that management respects and works with its employees, which has not always happened elsewhere. It is, as I and this sector believe, essential that there is leadership from management, but also, most importantly, that it listens to and inspires those who work for it. I am not suggesting a “them and us” management approach, which is too common, but one that is collaborative and clear—that is, we do not want the heavy-handed approach of the past, which is so destructive when it comes to getting the best out of people and thereby to achieving high productivity.

I relate to this personally. Early in my career after leaving school I worked for a small plastic manufacturing company run on “them and us” principles. I left after a couple of years because of this attitude. I remained in

[LORD COTTER]

business and ran my own business for many years, latterly in the manufacturing sector, but before that in trading and supplying to shops. I was approached by the original business I had worked for for just two years, asking whether I would come back to run the business, which I did. Within just two months or so after I changed it from a “them and us” company to a collaboratively management-run company, it lifted off the ground and produced the results that are very necessary for any company to achieve. To get productivity we need good management, as I saw in my career. A key aspect of the 30% increase in productivity achieved by the aerospace industry has been through good management and respecting the employees.

I say to the Government that we must train management. It is vital that they achieve a high standard and ensure that managers are properly qualified before they are allowed to run companies. I support what my colleagues and others have said: too many people are paid fantastically large sums of money when they are just incompetent. To have a healthy and productive economy we need investment.

Again, I urge the Government to take strong action, helping with investment to ensure that they and large firms pay SMEs promptly—an issue I have raised in the House many times. Indeed, I ask the Minister to confirm what I saw in a newspaper—that the new business tsar will challenge late payers in person. Is that happening? If not, it should be. Small firms in this country suffer greatly from late payment. I leave that in the hands of the Minister and hope he can consider the issues of management and productivity.

8.37 pm

**Lord Patten (Con):** My Lords, I strongly support the gracious Speech and the two Bills that provide the focus for me tonight, the modern transport Bill and the neighbourhood planning and infrastructure Bill, as well as the links between them and the environmental issues that they both raise. It is good to see the forward-looking policies in the modern transport Bill, with everything from Cornish space stations to driverless cars. The latter are sure to spawn a huge new raft of debate about where responsibilities lie, in particular for accidents. I am sure my learned friends are up to the job of helping us on that as this interesting new line of business comes along for them. The legal minefield we are entering is obvious. Who will be held responsible—the operator or the driver long range, the owner or the designer? It is clear that machines are unlikely to be summoned in courts, although I think that eventually there will be fewer machine than human errors on our roads.

So good luck to the Department for Transport with its futurology, which I support strongly. However, I trust it will not mind if I raise also the fact that the very phrase “modern transport Bill” may ring hollow to some users of, for example, mainline trains into stations such as Waterloo from 100 miles or more around who, in the 2010s, travel still some part of the time on single-line tracks, as is the case for much of the journey from Exeter up through Yeovil as far as Salisbury on the way to London. For people who travel that way, this is a thoroughly unmodern experience,

with all the delays and pauses at passing loops as though in some developing country as people go to and fro what is rapidly becoming a self-generated south-western technological and growing powerhouse—all of its own endeavours, with little direct help. I applaud what is happening in the south-west.

I know how much store the Government rightly set by infrastructure and I applaud their plans to put the National Infrastructure Commission on a statutory footing in the related neighbourhood planning and infrastructure Bill. In the meantime, always looking for fresh information, I innocently asked how many stretches of such single-line track into mainline stations there are within 120 miles of London. I was told in a Written Answer on 11 May that this information was not available. Indeed, it was a matter not for HMG but for Network Rail. That struck me as a bit peculiar. Is not mainline rail part of the critical national infrastructure? Is it not vital for national resilience and thus of great concern to HMG? Does the Department for Transport not have this stuff in its records? If not, the new National Infrastructure Commission will have to start from scratch and work anew on some Domesday Book of essential infrastructure information. For how long will the Government tolerate such thoroughly unmodern parts of infrastructure as single-line railway tracks in our present century?

Secondly, I also support the need to build new housing as part of our critical modern social and economic infrastructure, supporting as I do the drive to build more, even though it saddens us all to see even grade 4 agricultural land taken out of use and built on. I recognise that sometimes that simply must happen. The Government—local government in particular—must also recognise that once land is built on, that is an irrevocable change. Once the first turf is cut or the first tree or hedgerow cut down to expedite, say, an edge of town or village development, large or small, that is an irrevocable landscape step with no turning back. It is critical that the Government take a lead in encouraging and persuading councils to do all that they can to make such new housebuilding more acceptable to locals, as much in the interests of the incoming new occupiers as the maybe disappointed nimbys who do not much want to see the development in the first place.

Too often, it seems that local councils are satisfied that they have done their bit by their local responsibilities in extracting from housing developers chunks of money for road improvement, a new school or a better health centre. They say, “Look what we delivered”, without giving anything like adequate attention to planning for and enforcement of the low-cost environmental enhancements that make new housing developments all the more acceptable. There is the planting of deep shelterbelts with trees and hedging that make an impact in years, not decades, to soften the often raw edges of new housing developments, as well as helping to reduce flood risk through diminishing run-off, as tree-planting does. There is the use of the best possible road sound-deadening materials or, just like noise-proofing, night sky protection by getting the best possible low-reflective lighting installed. These are low-cost ways of ensuring

the growing acceptability of new development and they are vital for getting such new development to happen.

This a matter of encouragement and of setting the framework. I welcome the gracious Speech in particular because it does not make that traditional government or politician's mistake in the past of saying, in verbiage, that they can create things and make things happen. All Governments can do is create frameworks in which individuals and people can economically and socially flourish. That is why I disagree strongly with the noble Baroness, Lady Jones of Whitchurch, in her opening speech. She clearly wanted a gracious Speech rammed full of telling people what to do. That is not something that this Government ever wish to do.

8.43 pm

**Viscount Simon (Lab):** My Lords, the noble Lord says that the Government do not want to tell people what to do. I am afraid that I will discuss matters not covered in the gracious Speech where people should be told what to do.

The topic raised more than any other by members of GEM Motoring Assist is the lack of traffic law enforcement on our roads. Many of them think that the move towards automatic enforcement of speed and so on is not matched by enforcement regarding other aspects of bad driving. The recent Transport Select Committee report on roads policing stated that the number of specialised roads policing officers has fallen from 7,104 to 4,356 in the decade starting in 2005. That is a reduction of 38.6% and leads me to state that the number of cars exceeding 100 miles an hour on motorways is quite extraordinary. However, they drive at these speeds in the knowledge that the chances of being stopped are quite remote.

One of my two amendments to the Serious Organised Crime and Police Act that were accepted concerned the evidential roadside breath testing kit. It must be about 10 years since this was accepted, but the Home Office has yet to complete type approval of this equipment. This is in contrast to the extremely quick approval of the quite expensive saliva-testing equipment that screens for certain drugs and illegal substances. I just wonder whether the Department for Transport has plans to develop screening equipment for other drugs. Efforts have been made to reduce the legal drink-drive limit to 50 milligrams per 100 millilitres. It is calculated that, if this were done, 25 lives and 95 serious injuries would be saved annually. Can the Government explain why a reduction in the drink-drive limit would be at odds with the current efforts to reduce drink-driving?

There is clear evidence that drivers using mobile phones while driving, both hands-free or hands-held, do so at serious risk to themselves and other road users because of distraction. The person phoning a driver has no idea about the traffic conditions that could cause distraction. I would be delighted if the Government discouraged the use of all phones in cars. Thinking of mobile phones, a large amount of legislation could be changed to allow digitalisation in certain circumstances in order to assist police officers in their duties that currently can be unnecessarily time-consuming.

At the moment, there is a lack of protection for police officers engaged in the pursuit of other vehicles. Tim Rogers of the Police Federation of England and Wales said:

"How concerning is it that, even when driving with advanced training, given and licensed by the College of Policing, our officers are still vulnerable to criminal liability, just for trying to keep communities safe?"

Protection for officers doing their jobs requires a change in legislation to ensure that they have the confidence to do their job without the fear of being prosecuted in certain circumstances.

There have been numerous changes in how the police operate, and all forces have had to make adjustments due to the funding formula. I wonder whether that now meets the needs of communities across the country. I have my doubts.

Finally, from today, drivers and others are invited to go online and pledge their support for EDWARD—European Day Without A Road Death—which is due on 21 September. This is the day when police forces throughout Europe support the initiatives being promoted by this project. I hope that they are successful in their endeavours.

8.47 pm

**Lord Smith of Clifton (LD):** My Lords, I follow the noble Lord, Lord McFall, and my noble friend Lord Oates in concentrating on some developments in contemporary capitalism in the UK. It may be recalled that in 1932 the two eminent American economists, Adolf Berle and Gardiner Means, argued that there had been a paradigm shift in modern capitalism. The emerging separation between ownership and control meant that the profit-maximising greed of the robber barons was disappearing. They were being replaced by a new breed of managers who were inclined to be more profit-optimising and took other, more social, criteria into consideration in running their enterprises.

After some of the disappointments of the nationalisations of the post-war Attlee Government, revisionists, most notably Anthony Crosland, argued—as he did in 1956 in his book *The Future of Socialism*, along the lines of Berle and Means—that the public was better served by the likes of private sector enterprises such as Marks & Spencer, Boots and Sainsbury's, thus making the idea of industrial public ownership obsolete. However, while that was being absorbed, a new trend was being exposed in the USA. In his valedictory presidential Address in 1961, General Dwight D Eisenhower warned of the deleterious effects of what he termed the growing military-industrial complex for the future of democracy. It was remarkable, given its source, as well as being a very prescient observation, but he did not anticipate the half of it. Corporate intrusion into public policy-making now extends far beyond defence and dictates much of the public agenda in the USA, the UK and most western countries. The result is that both economy and polity have now morphed into each other.

The wide-scale scheme under the Thatcher and Major Administrations, whereby nationalised undertakings were sold off and so-called privatised, was meant, ostensibly at least, to help rectify some of the problems

[LORD SMITH OF CLIFTON]  
by restoring the discipline of market forces. It patently did not. Privatisation merely created what Karl Marx called “monopoly capitalism”, and that in turn spawned an industry of regulatory agencies to control these cartels. These are by and large unsatisfactory because they create the revolving-door syndrome whereby the regulators are drawn from the regulated.

A major reason for looking seriously at the nature of capitalism is globalisation. No jurisdiction wants to disadvantage itself by taking steps to introduce laws and other regulations that would discourage conglomerates away from its country. Hence there is no real action against tax havens, international tax avoidance and other such practices. Modern capitalism exists on the myth of shareholder control. In electronic exchange purchases some of these shareholders lose huge amounts of money in nanoseconds. Where there is shareholder control, it is largely by pension funds and insurance companies controlled by executives who have a vested interest in the levels of remuneration, and cost-cutting and short-changing.

I say to the Minister that we are in desperate need of a new and more extensive Berle and Means-type analysis of the shady world of contemporary capitalism. First, I suggest that the ESRC should devote itself to this task with immediate effect. Secondly, the Law Commission should be told to undertake a review of company law so as to make proposals for effective and accountable corporate governance. If that does not happen, we will have the rise in populism that my noble friend Lord Oates warned about. Does the Minister agree? I am not anticipating a reply, but I think that the state of modern capitalism, and its regulation, is a very serious problem.

8.52 pm

**Baroness Donaghy (Lab):** My Lords, I congratulate the right reverend Prelate the Bishop of Newcastle on her heart-warming and inspiring maiden speech.

The gracious Speech covers a number of areas which will have a direct impact on local government. The Local Government Association—I declare that I am not a vice-president of the LGA—has identified 19 separate pieces of legislation which will, if taken together, bring significant changes to local government. Of course, reform is needed from time to time and each Bill will be scrutinised and treated on its merits.

My contribution will be about standards, which should not be lowered, and accountability and transparency. There must be a connection between policies and practical outcomes. These points have already been raised by the noble Lords, Lord Shipley and Lord Shutt of Greetland. These are areas of great concern to me as the Government's approach to local government is to focus on structures and responsibilities, without a whiff of where the money is coming from or how much, and without any real accountability.

The retention of business rates may well be the answer for some areas but will lead to further deprivation in others unless there is some system of moderation or virement, essential in any relationship between central and local government. We need a touch of humility when it comes to reorganisation of local government.

What is announced as radical may be a recycled bureaucracy—remember the county of Avon?

The Government say they will not force elected mayors on to a reluctant community, but the whole thrust of their policies does exactly that, with central investment virtually conditional on agreeing to metro mayors. How will the Government tackle the democratic deficit, the duplication of functions and the enormous financial black hole they have created? We have police and crime commissioners, which were hugely controversial during debates in this House. I am aware that my own party has now accepted these roles as the reality of politics, but is anyone able to say what they will become in the future? We could add fire authorities, make them deputy mayors or, even better, swallow up other police and crime commissioners. Better still, they could be mayors as well. Maybe the next step will be regional prime ministers. You might as well add the regional schools commissioners in there as well and make one central apparatchik for the region.

I will use a couple of examples from trading standards, but the disconnect between policies and delivery applies across the board—in social work, environmental health and planning. The Government carried out a review of trading standards, which is a chronically underfunded service doing important work. Possibly because the review has revealed that chronic underfunding, the Government have announced a delay in its publication. In the meantime, a review of local authority regulation will now take place under the cutting red tape programme. At the same time the Business Minister, Anna Soubry, calls for urgent action on laser pens.

Take the Whirlpool scandal, where UK fire brigades received 926 reports of dryer fires between 2011 and 2013. The Government's response has been dilatory in the extreme. The editor of the trading standards journal, Chris Fay, has said that he was baffled by the Government's lacklustre response to the recommendations in the extremely timely product recall review. The director of policy at the Chartered Trading Standards Institute, Melissa Dring, summed up one of the roles of trading standards very well, saying that enforcement against rogue traders and fraudsters not only protects the public but creates,

“a level playing field for legitimate business”,

allowing businesses to compete fairly and promoting productivity and economic growth. We need a properly funded trading standards service to help the good, law-abiding businesses.

My final point on transparency and accountability is around the role of local government and maintained schools. Although the Government have backed down from the enforced academisation of maintained schools, all the ingredients are still in place to make schools an offer they cannot refuse. As the Local Government Association has pointed out, councils are among the country's most effective education leaders, with 81% of council-maintained schools rated by Ofsted as good or outstanding, compared to 73% of academies and 79% of free schools. The education for all Bill will pass the statutory role in school improvement from local authorities to the Secretary of State—a giant centralising move. In debate on the Bill, I hope the Government will clarify the role of parents in school governing

bodies, in what circumstances councils will be considered underperforming or unviable, and how the regional schools commissioners will carry out their work—or will this all come out in regulation? Secondary legislation is an extremely powerful weapon in the hands of an overweening Executive. It will be interesting to see how often in this Session of Parliament local government is the fall guy for this power.

8.59 pm

**Baroness Bowles of Berkhamsted (LD):** My Lords, the gracious Speech included commitments to tackle corruption, money laundering and tax evasion—pernicious issues that undermine trust in business and finance. Greater transparency, as well as sanctions, is needed in these areas and beyond. As the noble Lord, Lord McFall, pointed out, transparency can usefully extend to regulators and, I would say, to HMRC.

Next year brings mandatory public disclosure of tax strategy for large businesses, but more could be done, especially around country-by-country reporting, such as publishing reasons for tax paid being less than headline rates and disclosure of tax risk. EY's 2013 report on tax transparency noted that 53 FTSE 100 companies had an effective tax rate lower than the UK headline rate and also suggested potential benefit to organisations and board governance from understanding and reporting effective tax rates country by country.

More transparency is also still needed in the fee structure that has undermined pension funds. There is no incentive to save when those managing the money get more out of it than you do. Added to that are concerns about lukewarm stewardship by UK fund managers, and the FRC is now reviewing the stewardship code commitments. I would add to its list looking at pooled nominee accounts, both to enfranchise ordinary shareholders and to avoid risk from broker insolvency.

There is no room for fainthearted governance. It breeds the absence of culture identified in the Kay review, which showed how companies and wider society have drifted apart. There is too much “duty of directors to maximise shareholder value” and, to that end, complex executive remuneration incentives occupy acres of annual report while average employee pay is never the metric. The duty of directors to promote successful companies has been watered down and concern for markets and the public good reduced to mere price competition. An interim report from the Big Innovation Centre suggests that this narrow-minded approach has led to British companies losing growth of more than £130 billion a year, and accounts for lower productivity, lack of training and high worker turnover. Better corporate governance is the intangible infrastructure that business needs to grow.

I turn to the referendum. There have been suggestions that the third-country equivalence provisions in EU financial markets legislation could mitigate the loss of passporting rights. My back bears the scars of negotiating more open third-country provisions and, without the UK around the table, this is one of many examples where regulation will shift away from where we have taken it and where we wish it to be.

Equivalence findings are not swift, simple or comprehensive. The Commission is under no obligation to undertake them, member states collectively have to

approve them and how prescriptive the requirements and conditions are depends entirely on the EU. It is political. There are significant administrative hurdles, too: firms registering with ESMA and notifying national regulators, supervisory co-operation agreements with ESMA, including disclosure of information about individual firms, agreement to litigation being in an EU member state—so not in the UK any more—and retail services will remain as 27 separate regimes with branch requirements.

A report, *The UK Referendum—Challenges for Europe's Capital Markets*, commissioned by the Association for Financial Markets in Europe from Clifford Chance cautions that,

“there are risks that political constraints may obstruct the use of third country mechanisms to mitigate the exit of the UK from the EU”,

and that,

“changes to law or regulation over time in the UK and the”, continuing EU,

“could adversely affect the harmonised legal framework existing at the outset and put at risk the continued availability of equivalence determinations”.

So at best, under Brexit we would be second-class citizens, taking instead of making financial services law and at significant risk of being cut off, given that our loss is their gain.

Brexit being bad for the City has also been compared to concerns about the UK being left out if we did not join the euro, which in fact did not materialise. Brexit is different, notably because we were saved before by the single market, which protected the City from the European Central Bank's policy for euro securities to be cleared in the eurozone. The strength of the single market was underestimated. We are protected now by that strength—strip it away, and significant business will have no choice but to move.

9.05 pm

**Baroness Kramer (LD):** My Lords, I join in the warm welcome to the right reverend Prelate the Bishop of Newcastle. I suspect that her ears must have been burning, even when she took a break from the Floor. It is rare to see a new Member so warmly welcomed and so appreciated, and she earned it with her outstanding speech, which not only gave us a feel for her but was, I suspect, a small warning to the Government that they had better live up to their commitments to the north-east, because she will be looking over their shoulder from the Benches just behind them.

The Queen's Speech started with the claim:

“My Government will use the opportunity of a strengthening economy to deliver security for working people”.

But the economy is not strengthening; it is getting weaker. The noble Baroness, Lady Jones of Whitchurch, and the noble Lord, Lord McKenzie, outlined some of the reasons, but I shall add a few more. George Osborne has borrowed £4 billion more this year than was estimated in the March Budget, and we are only in May. Economic growth slowed in the first quarter of a year, growing by only 0.4%. Construction output fell for a second quarter by 0.4%.

Numerous kinds of measures tell the same story, but I want to pick up the example given by the noble Lord, Lord Northbrook, when he talked about signs

[BARONESS KRAMER]

of a drop in confidence among small and medium-sized enterprises. We know from recent reports that lending to small businesses via overdrafts was down by 13% at the end of March from September 2014. As the noble Lord, Lord McFall, says, that may be something about bad bank behaviour, but it also reflects a drop in confidence by small businesses on an extraordinarily steep scale. That is an issue that the Government must take to heart, and take to heart immediately.

The weakening in the economy is a problem of the Government's own making. This year they passed a Budget with a £7.5 billion black hole. Their fiscal plans required continued austerity to cut all public borrowing, which because of their definitions means a huge constraint on infrastructure spending for the future. As I have said before, spending on infrastructure is investment and should not be included as day-to-day spending when considering eliminating the deficit, especially at a time when we can borrow at virtually zero interest rates. If the Government doubt the need to accelerate getting infrastructure projects into the ground, I hope that they listened to the noble Earl, Lord Arran, my noble friends Lord Shutt and Lord Shipley, the noble Baroness, Lady Ford, the noble Lords, Lord Berkeley and Lord Patten, and, on broadband issues, the noble Lord, Lord Inglewood—and, indeed, others, who all gave examples of essential projects, all designed and all very close to being ready to go, which cannot be funded under the current regime.

The Government have been tearing themselves apart over the EU referendum and causing instability in the process. In this debate there was a dog that did not bark. I have so often been in debates on Brexit and found that those advocating exit have absolutely no plan for what the economy would look like, and frankly I have been shocked. I would have thought that by this stage we would have had some detailed scenarios and economic forecasts with analysis behind them, as well as pinpointing of industries that would be impacted and regions where jobs would be affected, but nothing, and again, today, nothing. That seems to me to make the argument all of itself.

Quite a number of Bills in the Queen's Speech are covered by the theme of today's debate. We want to see the detail and scrutinise and improve them, but I hope that we can support many of them. I shall reference just one or two.

My noble friend Lady Bowles referred to the criminal finance Bill. Many of us were very concerned because most of the content was announced in 2015 by Danny Alexander. We have been looking for this Bill for months, and if it took the Panama papers to draw it on, so be it. As my noble friend said, it will be crucial to make sure that it contains adequate transparency. Noble Lords will not be surprised that I am enthusiastic about the HS2 Bill now coming to the Lords. I am grateful that I do not have to be on the hybrid Bill committee and, boy, do I admire those who are putting their names forward to take on that very big task.

On the modern transport Bill, the work on driverless cars should be meshed with the work on electric vehicles. They go together. One of the risks is that we have siloed that because there is potential for the UK

to be a real leader in this area. The noble Earl, Lord Attlee, and my noble friend Lady Randerson warned us that the Bus Services Bill has great potential for providing local control for bus networks, but it must be accompanied by the necessary resources to make it work and a check must be kept on unintended consequences on areas outside those that are covered by the new local ability to regulate.

My noble friend Lord Shipley, the noble Baroness, Lady Donaghy, and quite a few other noble Lords warned us that the local growth and jobs Bill, which devolves business rates to local authorities, is a fundamentally good idea, but we must be careful with our most deprived communities, many of which will never be able to take advantage of a business base. They must not be left out and lost as a consequence of this change in structure. As several noble Lords, including the noble Lord, Lord McKenzie of Luton, and my noble friend Lady Thornhill, have said, the neighbourhood planning and infrastructure Bill does not deal with the broken housing market—it just assumes that the only problem is planning—or with the lack of affordable social rental, which are critical housing problems.

In the last moments of my speech, I want to refer to the discussion initiated by so many on this side of the House, with no co-ordination whatever, questioning many of the fundamentals of the economy. Intergenerational unfairness is a major issue in our country, with more than 50% of young people, or people generally, assuming that young people will never have the lifestyle that their parents have had. They have been hit by the cuts in public spending, the lack of affordable rental cuts right to the heart of their life opportunities and they need to be engaged. Along with these issues, we have growing inequality, which was starkly described in this House.

I am one of those who really welcome the huge disruption that is coming with new technology—much of it was described by the noble Lord, Lord Giddens—but it means enormous job losses. Antony Jenkins, a former CEO of Barclays, has warned of 30% job losses in the banking industry within the next five years, and the British Retail Consortium has talked of more than 900,000 jobs going by 2025 as a result of automation. There is huge potential, but only if we prepare and make sure that new opportunities are provided to our young people.

We need to look at the whole structure of the way in which our economy functions. Public benefit companies in the US are an exciting new approach to understanding that for the future structures that allow growing inequality are not sustainable in the long term. We have to answer the needs of our broad population. We never want to be in the situation of having a Donald Trump sweeping away votes in this country in the way he currently is in the United States. That means keeping cohesion, coherence and a genuinely fair society underpinned by fairness in our economy.

9.13 pm

**Lord Davies of Oldham (Lab):** My Lords, my first task is to congratulate the right reverend Prelate the Bishop of Newcastle on her inspiring contribution. I have a very close friend who is a Geordie. I fear

he spends rather more time at St James's than at St Augustine's, although he is a fairly regular churchgoer. I will certainly be able to give his spirits a little lift—and, by heavens, those who went to watch Newcastle United over the past season need more than a little lift at this stage—from the very good impression the right reverend Prelate made in the House today.

I have some sympathy with the Minister for having to reply to a debate as wide-ranging as this, particularly since, as he would expect, I am going to direct most of my remarks to the issue of the economy, when he is rather more a specialist on transport matters. On transport matters, I had anticipated that he would probably have a fairly easy ride; after all, HS2 was conceived under a Labour Government, was carried forward by a coalition Administration, is now making progress under a Conservative Administration and in due course, I am sure, will continue towards completion under a Labour one. However, I had not anticipated the noble Lord, Lord Framlingham, being so forceful about his opposition to HS2, and it may be that the Minister does not have such a cosy ride as he might have anticipated on that very important Bill.

There is no doubt that a Bus Services Bill is long overdue, although of course we will want to examine the details with some care. London has set the pattern for a way in which one can integrate transport in which buses play a crucial part. Everyone knows the joy of catching a bus in London: you are actually told when it is going to arrive, and it does, and generally you are able to find reasonable room on it because of their frequency. I do not have the slightest doubt, as the noble Earl, Lord Attlee, said in his strong argument in favour of the Bill, that authorities such as Greater Manchester can match London in terms of achievement in implementing the Bill once it becomes law and they have the ability to do so.

The problem is, of course, that the Government talk rather ambitiously about local authorities and the regions but then act more than a little meanly. You cannot have a northern powerhouse without effective resources allocated to it, otherwise it is just an expression and a form of words. At this stage I am not sure, apart from the general structure of what is meant to obtain, that the Government have the ability to put the resources into making the northern powerhouse a reality. It is noticeable that almost as soon as they announced the concept they were busy deciding to reduce certain rail projects that would have enhanced the situation. So the jury is out on that, and the Government will be watched very carefully on the question of the allocation of funds, particularly against a backdrop where the Chancellor continually claims that his big commitment is to reduce government expenditure and government debt. Not that he has been so hot at doing the latter; after all, he got only half way there by 2015, when he was meant to have completed the task. Four to five years' grace has now been granted to achieve this absolutely prime objective. I do not think many people will cut him much slack if he fails on this scale again over the next few years.

The other aspect of transport that concerns us is the extraordinary delay in the most important transport decision of all—the question of aviation and the runway

in the south-east. I had the same impression as the noble Baroness, Lady Randerson: here were the Government talking about space travel from Newquay, which was likely to happen somewhat earlier than a third runway in the south-east. I may be overpessimistic on this front, but it certainly does not do the Government's reputation any good at all when such a critical decision has been stalled on, year after year. In addition, of course, every year they have a very good, persuasive argument—certainly a pretty self-interested one—for why the decision cannot be taken at that point. I do not think the country is prepared to countenance much more delay.

My noble friend Lady Jones raised crucial questions on a whole range of matters under debate today, which I therefore will not repeat. But I hope the Minister will respond—again, operating somewhat outside his normal brief—on the crucial issue of climate change. We all recognise that some progress was made on this issue before Christmas, but it is by far the most important issue that confronts not just us or Europe but the whole world. We are beginning to see illustrations of the failure to control that aspect at present in the measures that have been taken thus far, and it is essential that this is a major priority for government.

I make no apology for concentrating on the economy. The Government pride themselves on their various projects but they do not create the means to turn them into reality. First of all, it would help if the Government took effective steps to get their tax revenues in. From the very beginning I have never understood this Administration; why did making a smaller state mean that the first group of people they attacked were Her Majesty's Revenue and Customs—the very group of people who could produce the resources, if effectively used, to improve the economic position of the country and the financial position of the Government? But, of course, cuts were made to HMRC and now we are left with the appalling piece of information, which we heard about the other day, that the French have been 10 times more successful than the British in dealing with Google's taxation obligations. Can noble Lords think of a greater condemnation of the inefficiency of a Government than their failure to raise the resources to which they are entitled because they have not produced the effective machinery to do so?

We should also appreciate that at present there are a whole range of difficulties with the economy. We had a brief discussion at Question Time today about the balance of payments. Many noble Lords in this House will recall a time when the balance of payments—and even quite marginal movements in them—used to dictate election outcomes. Now this Government can carry an absolutely appalling deficit in this respect and have an appalling record in comparison with other advanced countries, yet they appear to brush it off as of no concern. But of course it is of concern, because it reflects just what my noble friend Lord Giddens emphasised earlier and what my noble and learned friend Lord Morris introduced with regard to a specific area; namely, that if we do not safeguard industries such as steel, and invest in and support manufacturing, we will lose the wherewithal to run an efficient and effective economy. The Government have been pretty slack in their response to these issues; we live in hope

[LORD DAVIES OF OLDHAM]

with regard to the Tata Steel dimension, although even there the Government looked slow off the mark in responding to that well-heralded crisis. Nevertheless, let us hope that lessons have been learned and that they intend to ensure that that crucial dimension of our productive effectiveness is protected.

The Government have also been unfair in their dealings with taxation and benefits, as my noble friend Lord McKenzie indicated. Those in the lowest deciles of income have been hit far more harshly than the top 10% in the country. It is ridiculous that tax breaks are given to the extremely well-off while the disabled have their benefits challenged and indeed cut. Is the House aware that 85% of the welfare cuts have fallen on women? So much for any semblance of equality under this Administration.

Of course, there is also the intergenerational dimension. Our young people face higher university fees and, if they go to college, they find courses being closed because further education colleges have been denied resources under the savage cuts in that area. If they have an apprenticeship, it bears hardly any comparison to the concept of a real apprenticeship, which saw an individual learn a skill under close supervision and with support over a period of time. Now, in many cases an apprenticeship is not much more than a makeshift, limited investment in the training and skills of our people, yet the outstanding issue that faces our economy is our lack of skills. The Government say that they intend—I repeat “intend”; there is not much sense of achievement yet—to build houses, but the construction industry says, “No go. We haven't got the skilled people to meet the kinds of demands that you've been making of us”. That is some condemnation of the Government.

Against that background of continued anxiety, the Government are a little prone to quoting the fact that the international economic situation is difficult to handle. China is no longer growing at the rate that it was; nor is Brazil. The European Community is not the strong market for our goods that it was in the past. How wonderful that that party now looks to the international situation to excuse its economic failures, yet blames the deepest British economic recession since the war on overspending by a single Government—the Labour Government—in Britain. Those false excuses will not do. When the Government fail, they produce a whole range of holes down which our fellow citizens fall.

9.27 pm

**The Parliamentary Under-Secretary of State, Department for Transport and Home Office (Lord Ahmad of Wimbledon) (Con):** My Lords, it is a huge privilege and a pleasure to have the job of closing this debate, which ends the debates in your Lordships' House on Her Majesty's gracious Speech. We are on day four of those debates, and today we are just shy of another six hours of debate, with 50 speakers. Looking around the Chamber, I can detect a palpable sense of relief that we are nearing a conclusion. I am reminded of what Churchill once said:

“The head cannot take in more than the seat can endure”.

Perhaps many of us feel that. Although it has been quite a long haul, it has been an absorbing debate, covering five departments. It has been an extensive, thought-provoking and well-informed debate across the Chamber.

I take this opportunity to thank my noble friend Lord O'Neill, who opened the debate so eloquently. I also thank my noble friend Lady Williams for her support from the Front Bench.

It would be remiss of me not to immediately align myself with the many comments that have been made in congratulating the right reverend Prelate the Bishop of Newcastle on her excellent maiden speech. As we all know, delivering a first speech in this House is quite an achievement, but doing so in such a high-profile debate is doubly impressive. We have learned a great deal about the right reverend Prelate, including the fact that she is a marathon runner. I welcome her to her first marathon in your Lordships' House, although, as she will appreciate, this is one that you have to do sitting down. She has already made a significant contribution to the diversity of the House. As we all know, she is the second woman Church of England Bishop to take a seat in your Lordships' House. I know I speak for everyone across the Chamber and beyond when I extend the warmest of welcomes to her. I look forward to working with her on a range of issues in the coming months and years.

I also wish to thank all noble Lords who have contributed today, and over the past few days, to the debate on the gracious Speech. We are blessed with the experience and wise words of your Lordships' House.

I begin by touching on the EU referendum. The noble Baronesses, Lady Bakewell, Lady Bowles and Lady Kramer, the noble Lord, Lord Cotter, and others talked about the EU referendum—in or out. As I have said from the Dispatch Box, the Government's position is absolutely clear that the United Kingdom's place in a stronger, safer and more prosperous Europe is within the European Union. It is just shy of a month until the referendum and I hope that the debate that takes place in the next few weeks, irrespective of which side one is on, is based on the facts and not on fear or fiction.

Her Majesty's gracious Speech was about building a stronger, more resilient, more secure and more modern Britain. I cannot agree with some noble Lords who suggested that this is not happening. We believe that hard work should be rewarded and opportunity enjoyed at every stage of life by all, in a country fit for the future, no matter what challenges we face. If we have learned anything from the past decade, it is that we need to be more responsible during times of plenty, living within our means—a point well made by my noble friend Lord Flight—bearing down on our debts and planning for a surplus so that we can cope during difficult times. Certainly we will take no lessons from the last Labour Government who left what was a pretty big mess before the coalition Government took up the reins.

In the last Parliament, we had to make some tough economic decisions, but they were the right economic decisions. They helped make us one of the fastest-growing major advanced economies in the world. The noble Baroness, Lady Jones, perhaps painted a rather bleak

picture. However, new figures published last week show that more people are in work than ever before: 31.5 million people in the United Kingdom have jobs. That means that the employment rate has risen to 74.2%, the highest since records began in 1971. The deficit is down by almost two thirds as a share of GDP and the OBR forecast is that it will be eliminated by 2019-20. However, I accept, as several noble Lords have pointed out, that there is more to do and our work is not yet complete. That is why, with the global economy slowing, it is even more vital that we stick to the long-term strategy behind our economic plan. Let me assure noble Lords that this Government will continue to focus on that as our main objective.

If I may, I will take each area in turn. I say at the outset that if there are questions that remain unanswered by the time I have finished my contribution, I will of course write to noble Lords.

Among others, the noble Baroness, Lady Jones, and the noble Lords, Lord Rana and Lord Smith, as well as my noble friends Lord Flight and Lord Leigh, raised the issue of tax avoidance, et cetera. The Government established the Pensions Regulator as an independent body to provide effective and proportionate regulatory oversight of work-based pension schemes. We have already announced that during this Parliament we will legislate for over 25 further measures on avoidance, evasion and aggressive tax planning that are forecast to raise £16 billion by 2021. We have also given HMRC an extra £800 million to fund additional work to tackle tax evasion and non-compliance by 2020-21. The UK's percentage tax gap is also one of the lowest in the world. In 2009-10, the tax gap was 7.3%; in the first four years of the last Parliament, it fell to 6.4%.

The City of London came under some scrutiny during various contributions. However, we should be proud of the City of London. It is world-beating, and we need to ensure its competitiveness on the world stage.

We are committed to supporting savers at all stages of their lives. We have already made ISAs more generous and flexible, resulting in more than £20 billion more saved in ISAs in 2014-15 compared with the previous year. But the noble Baroness made some important points about the importance of financial literacy in education. That is certainly something that the Government continue to work on.

The noble and learned Lord, Lord Morris of Aberavon, and the noble Lord, Lord Giddens, raised the issue of steel. It should suffice for me to say that my right honourable friend the Secretary of State for Business, Innovation and Skills, as many know, was in India today. He has been involved in important discussions in this respect. I am sure that the House will be updated in due course.

The noble Lords, Lord McFall and Lord Oates, talked about the banking sector and particularly issues of transparency and accountability. Earlier this month, Parliament passed the Bank of England and Financial Services Act, which will fundamentally reform the financial sector. Notably, as many noble Lords will know, it will strengthen the governance, transparency and accountability of the Bank of England. It will also ensure that senior managers across the financial

services industry can be held accountable for failings on their watch through the extension of the senior managers and certification regime.

My noble friend Lord Leigh asked a question about the Transatlantic Trade and Investment Partnership agreement which is currently being negotiated by the EU and the US. The recent amendment tabled on TTIP in the other place to the Motion supporting the Queen's Speech was prompted by concerns that TTIP is a threat to the National Health Service, but the Government are quite clear that it is not a threat. I assure noble Lords that when it comes to issues around the economy, it remains a key priority for this Government and we aim to continue to build an even stronger, more resilient and prosperous Britain fit for all and fit for the future.

I turn to several cross-departmental themes. We have heard today about the work across five different departments and how this is helping to prepare Britain for the challenges ahead. What this debate has shown is that as we embark on the second year of this Parliament, strong themes connect each department and apply right across government. We will be looking at overhauling planning, giving cities and regions power over their destinies and rebalancing our economic geography, so we can share growth and opportunity across the United Kingdom. I accept the point that has been made that for far too long, the focus has been concentrated in the south-east.

The right reverend Prelate the Bishop of Newcastle, in her maiden speech, along with other noble Lords, including the noble Lords, Lord Shipley and Lord Shutt, also raised the issue of the northern powerhouse. I say to the noble Lord, Lord Shutt, specifically, that much is happening on the northern powerhouse. The Government are investing £20 million a year in the northern powerhouse skills strategy, for example, committing £161 million to accelerate the transformation of the M62, and £75 million to improve other road links across the north. From May 2017, 54% of the population of the north will be covered by elected mayors, backed with over £4 million of new funding. That will give local areas control over key powers including skills, transport and housing. That is perhaps why the shadow Home Secretary wants to put himself forward as the mayor of Manchester. Perhaps he needs to reflect on his own Front Bench responsibilities vis-a-vis the opportunities that are being offered to all from our decision to devolve powers.

There was a question about this Government but let me assure noble Lords that I only need to look to my left and right to see strong powerful advocates for the north. I assure noble Lords that the Government are also well represented across the board in ensuring that we build a stronger economy across the whole of the country. The noble Lord, Lord Shipley, made a point about Gateshead. Of course we will be speaking to Gateshead because it is important that we see collaboration in our regions. The noble Lords, Lord Shutt, Lord Kirkham and Lord Giddens, also raised issues about the Cities and Local Government Devolution Act that made its way through Parliament and will pave the way for places to take greater control and

[LORD AHMAD OF WIMBLEDON]  
responsibility over policies such as transport, housing, skills, and key public services such as health and social care.

I can also assure noble Lords that in this year's Budget the Chancellor gave a green light to HS3 between Leeds and Manchester, along with £60 million to develop detailed plans to reduce journey times as well as plans for the rest of the northern powerhouse rail network. Moreover, the Government have committed £150 million to implementing smart and integrated ticketing and £50 million to Transport for the North over the lifetime of this Parliament.

Perhaps I may turn to the DCLG. There are two new Bills which we have talked about today. We have already seen a revolution in neighbourhood planning, with 193 plans approved involving nearly 2,000 groups and covering around 10 million people. The new neighbourhood planning and infrastructure Bill will further empower communities, and let me assure my noble friend Lady Scott of Bybrook that it will give them a stronger voice while getting houses and infrastructure delivered as quickly and efficiently as possible. The Bill will also support our ambition to build 1 million new homes while protecting what we value the most—the green belt.

Several noble Lords, including the noble Baronesses, Lady Bakewell and Lady Thornhill, raised issues about housing and new homes. Reforms have already resulted in the granting of planning permissions for 253,000 homes in the past year. However, this debate has again illustrated how much further we want to go so that everyone who works hard in this country can have a home of their own. The noble Baroness, Lady Thornhill, also asked about affordable social housing. I assure her that we have protected the visibility of homelessness prevention by funding local authorities to receive support totalling £315 million by 2019-20.

I turn to other housing and planning matters. The noble Baroness, Lady Jones, talked about moneys which are being handed back through provisions we are making in business rates revenue which currently stand at around £26 billion. These reforms will mean that all income from local taxes will go on funding local services. The Government remain focused on delivering 1 million new homes of all different types and tenures, making neighbourhood planning an even simpler and more streamlined process. The noble Baroness, Lady Bakewell, talked about housing, planning and flood defences. We have delivered more than 277,000 affordable homes since April 2010 and we have committed to spending £8 billion to deliver 400,000 affordable homes by 2020-21. With regard to flooding raised in the context of pre-commencement planning conditions, the measures would not restrict the ability of local planning authorities to propose conditions that are necessary.

The second new Bill is the local growth and jobs Bill. We have seen a radical effect on local government in this country. It would allow us to fulfil our commitment to devolve spending to the regions so that local government as a sector can retain 100% of local taxes to spend on services by the end of this Parliament. Various other questions were raised by my noble friends Lord Young

and Lord Caithness around issues related to homelessness and CPOs. Perhaps I may write to noble Lords in those respects. The noble Baroness, Lady Young, also raised an issue about adult social care funding. The Government are committed to providing support of up to £3.5 billion to ensure that councils are able to support their oldest and most vulnerable residents.

The noble Lord, Lord Shipley, talked about housing inequalities in the proposed Bills and why there can be devolved mayors in some areas but not others. If business rates are not sufficient to fund the local authority in an area, it will be necessary for the Government to adjust for those areas. On his other related questions, I shall of course write to him.

My noble friend Lord Kirkham talked about online companies and business rates, as well as the privatisation of the Land Registry mentioned by the noble Lord, Lord McKenzie. Again, in the interests of time I shall write to both noble Lords and copy in others.

I turn briefly to energy and climate change. We will introduce measures to deliver our manifesto commitment to increase competition and consumer choice in the energy market. The Government want to give consumers more power and choice through faster switching and more protection when things go wrong. Between 2010 and 2015 we reduced the UK's domestic greenhouse gas emissions by 17%, the biggest reduction in a single Parliament. Moreover in Paris last year, as several noble Lords noted, we secured the first truly global legally binding agreement to tackle climate change. The noble Baroness, Lady Jones, and the noble Lord, Lord Morris, also talked about climate change. It is right to say that Paris was a great success and I pay tribute to my right honourable friend the Secretary of State for Energy and Climate Change, Amber Rudd, in this respect. The UK will provide £5.8 billion in climate finance over the next five years—50% more than the previous spending review—and has a clear plan of carbon budgets to reduce emissions.

The noble Lord, Lord Stunell, and the noble Baroness, Lady Featherstone, also raised a question about action on climate change. It is not true to say that we are not ambitious on climate change. We are phasing out coal, investing in renewable heat technologies, insulating 1 million homes and offering smart meters to every home by 2020. My noble friend Lord Holmes asked about Hinkley Point. It is not often I say this to my noble friend but I disagree with him. Hinkley Point is a vital part of our energy strategy. It will provide reliable energy at affordable costs, powering nearly 6 million homes for 60 years, and creating 25,000 jobs. The noble Lord, Lord Bruce, raised issues about supporting the oil and gas industry. The Government remain committed to supporting that industry, which plays a vital role towards our energy supplies.

Turning briefly to Defra, we are setting out ambitious plans to protect Britain's environment to boost our farming and food industry. Defra's 25-year vision is to make this country one of the healthiest and most beautiful places in which to live and raise a family. Our specific commitments include planting 11 million trees, completing a blue-belt network on marine protected areas by 2020, establishing clean air zones for five English cities and an ultra-low emission zone for

London. We have seen growth across our economy over the past six years. While rural districts already generate billions of pounds for the UK, we are determined to do more to support jobs and opportunities in the countryside.

The food and the farming industry is an £109 billion industry that provides employment for 3.9 million people. Defra, as I have said, is currently finalising a 25-year plan for Britain's food and farming industry. The noble Lord, Lord Palmer, and other noble Lords, also raised issues about GM crops, and I will write in that respect and with regard to questions raised by the noble Baronesses, Lady Parminter and Lady Featherstone, on the dairy industry.

The noble Baroness, Lady Parminter, also raised the issue of abstraction reform in the Queen's Speech. In January 2016, the Government set out their proposed approach to reforming the abstraction system. I can assure the noble Baroness that the Government remain committed to implementing reform in the early 2020s. The noble Baroness and the noble Lord, Lord Trees, talked about the review of the EU birds directive. The UK Government want to ensure that the fitness check of the habitats and wild birds directive is both robust and maintains a momentum, and leads to positive changes for both business and wildlife. There are various other issues relating to Defra which my noble friend Lord Inglewood also raised, and I shall, of course, write in that respect, too.

Turning finally to transport—they say you should leave your own until last—for decades, we have seen Britain slipping down the global infrastructure league table. We have watched as our roads grow more congested, trains become more overcrowded, and our towns choked with traffic. Now we are climbing the infrastructure league table. We are ahead of France, Japan and Germany. Overall transport spending will rise 50% this Parliament. That means we can invest more than £15 billion to maintain and improve our roads, and we are spending more than £38 billion—the greatest expenditure on our railways since the Victorian era.

HS2—I thank the noble Baroness, Lady Kramer, and others for their support—remains at the centre of our transport revolution. It is the biggest infrastructure scheme since the motorways. It will provide extra capacity and the connectivity we need to meet growing demand.

Mention was also made of the infrastructure commission. This is a start for infrastructure that will make Britain one of the world's leading transport investors. Her Majesty's gracious Speech also supports legislation to establish the independent National Infrastructure Commission on a statutory basis. Indeed, the commission's influence is already being felt. I assure noble Lords, including the noble Baroness, Lady Jones, that, following its recommendations, we have already invested £300 million to improve northern transport connectivity. I also assure the noble Lord, Lord Kirkham, and my noble friend Lord Caithness that we have given the green light to HS3 between Leeds and Manchester, and allocated £80 million to help fund the development of Crossrail 2. A point was made about promises not being delivered. Construction

of Crossrail 1—or the Elizabeth line, as it will now be called—is more than 70% complete. It is on time and on budget.

Another Bill that will be introduced under transport is, of course, the modern transport Bill, which featured in Her Majesty's gracious Speech. It is focused on the future—a Bill to pave the way for the technologies and transport of tomorrow. Some specific points were made, which I of course acknowledge—I welcome the constructive comments of the noble Baroness, Lady Ford, in that respect—while others perhaps questioned the merits of a spaceport before other infrastructure projects have taken place. It is important to emphasise that many of these things can run in parallel and that we should not take away from a sector that will be important to the UK's positioning in the years ahead.

Many comments were made about the Bus Services Bill. I will not dwell too long on that. Suffice to say that I welcome the interaction we have had thus far with noble Lords. Yesterday we held a very constructive meeting. I underline again the Government's intent to engage fully on ensuring that the Bus Services Bill truly does provide the new powers to local authorities to improve bus services and increase passenger numbers. It is our belief that stronger partnerships will allow authorities to agree a new set of standards for bus services. I look forward to working with all noble Lords, including my noble friend Lord Attlee and the noble Lord, Lord Berkeley, among others, to ensure a positive passage for this Bill through this House. It will receive its Second Reading I believe—I look towards the Chief Whip—on 8 June when we come back from the Recess.

I will give an assurance to noble Lords. Other questions have been raised on transport and other areas that we have covered today, but I feel that my popularity—if, indeed, I have much remaining—may be much lower if I carry on for much longer, not least with my two noble friends who sit behind me. Let me assure all noble Lords that the Government welcome, through the debate that we had today and over the last few days, the contribution of all noble Lords. We accept that it is for the Government to make their case for their Bills in this Chamber and in the other place, but we look forward to a constructive dialogue with all noble Lords across the Chamber to ensure that we move forward on our legislation.

To conclude, let me assure noble Lords that this is a Government who put the national interest before anything else, and nothing is more important to our national interest than a strong, stable and growing economy—one which provides the opportunities that people need to get on and achieve their ambitions. As the right reverend Prelate the Bishop of Portsmouth reminded us in his very thoughtful contribution, mention has been made of other places. Indeed, the Trump factor has been talked about. Do you know what? I am proud of Britain. Notwithstanding the challenges that we have, we provide opportunity for all. It does not matter who you are, where you come from or what background, culture, community or faith you have: you have an opportunity to progress. Those are the kinds of values that this Government wish to protect. I know that that is a sentiment shared across the Chamber.

[LORD AHMAD OF WIMBLEDON]

A strong, stable and growing economy provides the jobs that families need to feel secure and the services that communities and businesses rely on. But what this debate over the past week has shown me clearly is that we are looking forward beyond the economic recovery, making the reforms that will deliver the long-term prosperity that our nation needs. As I said, I look forward to engagement across the House in this respect, and not just in the area of transport—I speak for all my colleagues in government. We look forward

to our exchanges in this Chamber and beyond to ensure that, together, we make Britain a stronger, safer, more competitive nation, with the infrastructure to ensure that it remains a leader among the nations of the world.

*Motion agreed nemine dissentiente, and the Lord Chamberlain was ordered to present the Address to Her Majesty.*

*House adjourned at 9.54 pm.*



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