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OFFICIAL REPORT

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Abbreviation	Party/Group
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

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House of Lords

Tuesday 5 July 2016

11.30 am

Prayers—read by the Lord Bishop of Ely.

Outcome of the European Union Referendum

Motion to Take Note

11.36 am

Moved by The Lord Privy Seal

That this House takes note of the outcome of the European Union referendum.

The Lord Privy Seal (Baroness Stowell of Beeston)

(Con): My Lords, our debate today has the potential to be one of the most significant in the recent history of your Lordships' House. Indeed, I see today as a real opportunity for us as a House to reflect on the decision that has been made and to offer some clear thinking about the issues we now face as a country. It is an opportunity for the House of Lords to show why it exists.

In repeating several Statements over the last week, I have set out the views of Her Majesty's Government, and I want today to be much more than an occasion for me to set them out again. Over the next two days my noble friend Lady Anelay and I are here primarily to listen, so, in opening, I will try to start the process of reflection by offering my perspective both on the vote itself and on the responsibilities incumbent on this House, as I see them, in the weeks and months ahead.

To state the obvious first, the referendum was a momentous democratic exercise. Over the weeks of the campaign we saw passionate cases put forward by both sides and, more importantly, we saw voters engage with an enthusiasm that we had not seen for many years. Indeed, more than 33 million people from across the UK and Gibraltar exercised their democratic right.

I appreciate that when the votes were counted it was not the result that many of us may have wanted—indeed, 48% of us voted to remain—but the result was clear. By a margin of more than 1 million, 52% of the people who voted elected for the United Kingdom to leave the European Union—an instruction that this Government, and all of us, must respect and seek to act on.

Lord Foulkes of Cumnock (Lab): Will the noble Baroness give way?

Noble Lords: No.

Baroness Stowell of Beeston: It would be possible for us to go over the campaigns again in detail, to look for ways to re-examine the result or to pose again the question of our EU membership, but in my view that

would be the wrong thing for us to do. Not only would it distance us further from many of the people we are here to serve; worse, it would be a missed opportunity to serve them better. Instead, we should take this opportunity to play our part in shaping the way ahead and, as I see it, perform our duty of reassuring people about our country's future by offering some clear thinking about that way forward.

Clearly, there is further work for us to do in determining our future relationship with the European Union. As the Prime Minister said, we are leaving the EU but we are not turning our backs on Europe. The next steps will not be easy. There will be complex negotiations ahead but we should approach them with the clear guiding principle of ensuring the best possible outcome for the British people. As the Prime Minister has made clear, the nature of negotiations, and the shape of any deal we strike, will be for his successor and their Government. That is why it will be for them to decide when to trigger Article 50.

In the meantime, there is a lot of ground to cover in examining the options available so that, when decisions are taken, we put our best foot forward and maintain Britain's reputation as an open, outward-looking nation, maintaining our strong partnerships in Europe, continuing to play our role on the world stage, holding fast to our values of tolerance and respect, and showing that Britain remains open for business. That is something that we in Government will do with the input of all the devolved Administrations. It is something that I hope this House will play an important part in as well, for among the membership of this House of Lords we have an unrivalled expertise in EU and foreign affairs. We also have a range of EU committees, whose dispassionate scrutiny is admired here, in Brussels and around the European Union. That means that we are well placed to come forward with ideas to make a future deal a success for all parts of the United Kingdom.

I know that noble Lords will express views and have questions about the nature of further parliamentary involvement beyond that and the precise form that it will or should take. Those are valid questions, and the debate among legal minds has already begun. I know that our Select Committees may also choose to examine them, but those are questions which will, rightly, be for the next Prime Minister to address. I am clear, as Leader of this House, that Parliament should have an appropriate role. However, in debating what that role should be, we should be careful to show that our focus remains on delivering the referendum result and on applying all our knowledge and experience to make our future a successful one for the United Kingdom.

That is an important point and brings me on to the broader responsibility we have to bear in mind as we proceed, particularly as an unelected House. In the period since the vote there has been a lot of analysis and reflection about the reasons people voted how they did. The headline from those who voted to leave was clear: they wanted to leave the European Union. Their reasons will have varied and, for some people, may have developed over many years. However, whatever those reasons, we must take that message away and deliver on the instruction we have been given.

[BARONESS STOWELL OF BEESTON]

In doing so, we must also consider that the vote reflected something else as well: a frustration with the status quo: a sense that voters felt distant from those who exercise power and misunderstood by the people who make the decisions that affect them. So although we rightly must focus on the question of our place in Europe, as we do so, we must not lose sight of that desire for people to be better understood. If we are able to address the challenges we face with that in mind, we will build public confidence in Parliament and this House within it.

That means demonstrating that our focus is on delivering success for all the people of the UK, whichever way they voted, and on finding solutions that fit with people's understanding of the choice the country made. If we do not, we will miss the opportunity before us and the gaps this vote highlighted will only become more entrenched between old and young, graduates and non-graduates and those living in our major cities and elsewhere—or, to put it another way, the gap between those who have privilege, power and influence and those who feel they do not.

Noble Lords may ask how we can possibly do all this. That is where we can demonstrate the value of our experience and expertise. I was never of the view that the people are fed up with experts, but I do believe that some of those who feel that gap I have just described may be fed up with experts not understanding them. In times of uncertainty such as these, people rightly look to those of us in positions of leadership to use our knowledge and our understanding of the challenges people face to develop an answer that works for them.

That may be the point on which to conclude because it reflects the essential challenge we now face. The result on 23 June was for the United Kingdom to leave the European Union. I campaigned vigorously for remain, as did many in your Lordships' House, but I stand by the result of that referendum and want to work hard now to implement what has been decided.

As we proceed we must not forget the interests and views of the 16 million other people who voted to stay. In the disappointment many feel about the outcome of the referendum, there may be a temptation to simply leave to others the consequences of the Brexit vote. After all, although the result told us clearly what people were voting against, it did not give us a specific view as to what people were voting for. Yet the public as a whole, however they voted, deserve more. With the referendum result they have asked us to come together and to come up with a solution that works for everyone and achieves the best outcome for Britain on every possible front. It is our duty, as public servants to do just that.

There will be challenges ahead, of that I am sure, but it is for us all to find the way forward to meet them so that the United Kingdom can continue to prosper, as one nation, in the years to come. I beg to move.

11.46 am

Baroness Smith of Basildon (Lab): My Lords, recently we have seen how strong leadership, good teamwork, thoughtful strategy and real skill can be effective and

successful. Unfortunately, it has come not from politics or government but from the Welsh football team, which brought much-needed cheer to us all.

The debate over the next two days is not about the referendum campaign. We are all still seeking to understand what happens next and where we go from here. What alarms me, fuelled by the uncertainty that now affects so many areas of our life, is not only how few answers the Government have but how few questions appear to have been asked beforehand. Your Lordships' House, with all its knowledge and expertise, which the noble Baroness acknowledged, recognised this and, during the passage of the legislation, asked the Government to prepare not only reports on the impact of Brexit but also contingency plans. The Government declined to do so.

It is therefore impossible to address the uncertainty without recognition of the false promises that were made on such a gigantic scale. The most obvious is the insistence before the vote that £350 million a week would be available to the National Health Service, before that being denied within hours of the polls closing. It is one thing to make promises in good faith, even if they cannot later be fully kept, but it is quite another to tell tall tales knowing that they are complete fiction. Both of those fuelled the current uncertainty.

In Questions last week, the noble and learned Lord, Lord Keen of Elie, was asked about the 3 million EU citizens living in the UK and the UK citizens living in the EU. Unable to offer any reassurances, he merely implied that EU citizens in this country would be used as some kind of bargaining chip when negotiating the rights of British citizens in other EU countries. In this House we all know that is wrong. It is unacceptable and must be resolved urgently. The longer this issue drags on, the more damaging it is.

We have had two prime ministerial Statements on this issue since the result. The fall-out has dominated articles, the airwaves, social media and conversations in our pubs, our shops and around dinner tables up and down the country. Since the result we have less certainty, not more. That is in part because of the way this has been handled by the Government, who apparently have no plan for dealing with the situation.

Having said he would see the negotiations through, the Prime Minister has announced his resignation and said they are a matter for his successor. I feel strongly that those who made their case by relying on information that was known to be false, or made promises they knew they would never be able to keep, have acted without integrity. When the new Prime Minister comes to appoint a Cabinet, it should be uppermost in her mind that commitment to the truth is an essential quality. We all know that we have a difficult road ahead of us and we must all play our part. We have to move forward in a way that is constructive and in the best interests of our country, of British citizens here and abroad, and of those who live and work here. In order to do so we must recognise that there are issues that cannot wait for Mr Cameron's replacement.

For constitutional issues, absolute legal precision is required. How is the trigger for Article 50 authorised? Is this a matter for Parliament or the Executive? The Prime Minister has said that when to trigger Article 50

is a decision for the new Prime Minister. Is it the view of the Government that the decision lies entirely in her hands? Why would such a fundamental decision not be a matter for Parliament?

There remains a lack of clarity about the process of leaving the EU and when the decision takes effect. During the debate on the Statement, the noble Lord, Lord Butler of Brockwell, to whom I apologise for not telling sooner that I would raise this, asked an extremely important question of the noble Baroness the Leader of the House. He asked for confirmation of whether the UK's departure from the EU would not be final until the end of the two-year negotiation process, and whether, when the terms of departure were known, it was the duty of the Government to ensure that the public had the opportunity to consider those terms. The noble Baroness did not answer the question, other than to confirm what we already know: that Article 50 will trigger a two-year process and that the current Prime Minister is handing responsibility for implementing it to his successor. But this is an important and serious issue on which a lot of lawyers are already in debate. Having given people a say in initiating the process of withdrawal, should the public wish to debate, discuss and vote on the terms of that withdrawal, will they be able to do so?

On the advice of senior and expert legal opinion, the report of our own EU Select Committee—very well chaired by the noble Lord, Lord Boswell—made the point, in the noble Lord's words:

"Withdrawal is final only once a withdrawal agreement enters into force, so a member state that had given a notification under Article 50 would be legally empowered to reverse that decision before this stage".—[Official Report, 15/6/16; col. 1223.]

But in the legal opinion published in an article on the UK Constitutional Law Association website, entitled "Pulling the Article 50 'Trigger': Parliament's Indispensable Role", Nick Barber, Tom Hickman and Jeff King—all highly respected and regarded in the legal world—make it clear that once Article 50 is invoked and the clock starts ticking on the two years of negotiation, if no acceptable withdrawal agreement is reached, membership will cease without agreement. So, we have two heavyweight, serious legal opinions that are completely different. I am not a lawyer and it is not for me to judge which is correct, but surely the Government must clarify exactly how this works before embarking on the journey. That cannot be left to the next Prime Minister. Do the Government have a position that they have agreed with the EU and can they confirm what that is?

The noble Baroness said—I think she did so last week, as well—that the role of Parliament in the negotiations is not yet clear. That has been confirmed across the board by senior Conservatives standing for their party leadership. This is a critical issue. It is not just about allowing time for debates and it is not even about the scrutiny of decisions taken by the Government. These are the most profound, complex negotiations imaginable. We have 40 years of co-operation, 40 years of joint working, and 40 years of legislation to unravel and disentangle.

My colleagues in the other place, Seema Malhotra and Stephen Kinnock, have written to the Prime Minister with six key principles for how that engagement could

be taken forward. Have the Government considered new parliamentary structures, such as specialist committees—possibly Joint Committees—for working on the detail of the negotiations and seeking advice from experts? And what consideration has been given to the role to be played by the EU Committees in your Lordships' House and, as acknowledged by the noble Baroness, their vast expertise? Because as well as the legal process of disengaging and removing ourselves from EU institutions, we will have to examine areas as diverse as environmental protection, rights at work, consumer protection, crime and security, and transport, alongside, of course, the all-important trade discussions, which will include the issue of the single market and freedom of movement.

Then there is the legislation provided for through treaties and directives that will need to be confirmed in British law if we wish to keep it. Do we know how many such laws there are and in which areas? I sincerely hope that someone somewhere in Whitehall is trying to compile what I imagine will be the largest ring binder in history.

That is why the role of Parliament has to be clear. Once Article 50 has been triggered, we cannot afford to wait for six months while the Government start to consider what the processes in Parliament will be. In the Prime Minister's statement there was more about the role of the devolved institutions and the Civil Service than about Parliament. And what about the role of those institutions and organisations affected—local government, our National Health Service, the police, the TUC, businesses, and the education, science, and arts and sports sectors? So many vital decisions that affect our economic, social and cultural life are now on hold.

When Mr Cameron committed to staying on for the negotiations it was accepted as providing continuity, but now the Conservative Party is having a contest for a new leader, who will be the new Prime Minister. The noble Lord, Lord Dobbs, has said that even he could not have scripted this story, and he invented Francis Urquhart and "House of Cards". The role of Parliament in the negotiations should be set out by those who wish to be the next Prime Minister. The two main contenders for leadership have starkly opposing views, even on when negotiations should start. On Sunday, Theresa May, appearing on the Peston programme, said they should certainly not begin,

"before the end of the year. We need to establish our own negotiating position".

She is not just a member of the Cabinet that gave us the referendum; she is the Home Secretary. Was the Cabinet really so unclear when it made that decision about what our position would be? Yesterday, Andrea Leadsom said we should trigger Article 50 and start negotiations straightaway. That is a continuation of the "act now, think later" politics that has created the current instability.

Last week, I asked the noble Baroness the Leader of the House about the Government's programme for the coming year. She said that nothing has changed, but everything has: this is not business as usual. The legislative programme outlined a little over a month ago in the Queen's Speech seems to limp on without recognition of the huge amount of new work that

[BARONESS SMITH OF BASILDON]

needs to be undertaken. Journalists have reported that senior civil servants already feel that Brexit will consume their energies for years to come. It will be the central focus of our policies, our politics and our Government: a massive collective effort from everyone and anyone involved in government that no part of the Civil Service will be able to avoid.

From Whitehall to local government, gaps in funding from the EU will have to be plugged, regulation undone and redone, and networks reworked. It is absolutely right that, as the Prime Minister said, the brightest and the best will be needed for this process, but we needed those people to work on our housing policy, to develop the UK as a centre of new digital and technological advances, and to deal with issues like those in our health service and businesses, and the demographic changes challenging our society. Just think what they could be doing now.

There is not a single sector currently being offered guidance or support from the Government on what the EU result means for them. There are no answers yet for our businesses or public services, who employ thousands of EU citizens. There are no plans and there is no advice for our more deprived areas about how to manage the withdrawal of EU funding. And our educational institutions, environmental bodies and the scientific community require advice, support and, above all, information.

Large employers are already drawing up plans to leave the UK, and the Government's lack of certainty about EU citizens working for global companies based here is hugely damaging. This is the result of economic uncertainty.

The result of cultural and social uncertainty is uglier still and sharply felt. Since the EU result there has been a 57% rise in hate crimes and four times the national average of hate crime incidents have been reported. For those who invested so much in the ideals of Europe and those on either side of the campaign, the current political enthusiasm and interest should be harnessed for good. We want to see it focused in positive ways, not left blowing in the wind or, worse still, fuelling a greater distrust of politics and politicians. I doubt that the noble Baroness will be able to convince your Lordships' House that the Government understood all the implications of a leave vote when they offered a referendum, but we now need urgent reassurances on the constitutional position and the role of Parliament. I accept that there are some issues that it is entirely reasonable to leave to the new Prime Minister, but not these.

More than ever, we need to unite around a common purpose of decency and tolerance. This is true for tackling the social uncertainty we are facing, as well as our current economic and political uncertainty. When the country is crying out for direction and leadership, we have a duty to answer. I believe that your Lordships' House can be part of that solution, and as the Opposition we stand ready to play our part.

Noon

Lord Wallace of Tankerness (LD): My Lords, I thank the noble Baroness the Leader of the House for the time set aside today and tomorrow to allow noble

Lords to discuss the very profound outcome of the European Union referendum. As I expressed during our exchanges last week, I was devastated by the result of the referendum. Along with many of my noble friends and many Liberal Democrats, I have a profound and deep-rooted commitment to partnership with our European neighbours. Internationalism is in our very DNA. Our commitment is not to an institution in any particular form; rather, it is a commitment to the beliefs and ideals of the wider European undertaking of a peaceful, prosperous and united Europe, kindling a spirit of reconciliation and mutual co-operation among its members and promoting human rights and the rule of law. That is what I and many of my noble friends have striven for over our entire political lives, so the result of the referendum last week is felt very personally on these Benches.

We cannot be expected to give up these core beliefs, nor will we. We believe that Britain should be an outward-looking country that can thrive, innovate and lead in an open global economy, a country that works in partnership with those who share our values to overcome our common adversaries and sees the future benefits of close relations with neighbours and natural partners, investing in each other's economies and sharing prosperity so that Britain can be even greater than it is now. The cry to "take back our country" is not one to which I can subscribe, because I do not believe that I ever lost my country. Reflecting on the words of my much-missed friend Charles Kennedy, I, too, have multiple identities—Scottish, British and European.

I am also a democrat, so I accept and respect the result of the referendum on 23 June, even if I am saddened by it. I also approach the result with some humility, for I know that I have to accept my share of responsibility not just for the result of the referendum but for the collective failure of politicians, institutions and the media to make the positive case over many years for the European Union and the benefits that it brings to this country. The referendum should give everyone in public life pause for thought. Too often the European Union has been used as a scapegoat or a distraction from failures in government. As my honourable friend the Member for Westmorland and Lonsdale, Tim Farron, has said:

"This vote has been a collective howl of frustration—at the political class, at big business, at a global elite".

My deep concern is that, as we go forward, there is likely to be more dissatisfaction and frustration as people realise that much of what they were promised during the referendum campaign just will not be possible. The sad reality is that the alternatives offered by the Leave campaign will do nothing to help those in England's poorer regions, not least because the Leave campaign offered very contradictory positions of what life outside the EU would look like.

That poses a fundamental question for liberal democracy and parliamentary democracy, which is based on attention to evidence, reasoned debate, a willingness to compromise and tolerance. Politics involves an endless conversation in which we learn about other people and see things from their point of view, trying to balance their needs against our own. You recognise the existence of different groups with different interests

and opinions and try to balance and reconcile them. As Bernard Crick wrote in his book, *In Defence of Politics*:

“Politics is a way of ruling divided societies without undue violence”.

Yet we have seen some very troubling and violent scenes since 23 June. We have seen anger and frustration being translated into some nasty incidents of racism and xenophobia. Scores of racist encounters have been documented online, while over the weekend following the vote the National Police Chiefs’ Council revealed that hate crimes reported to our police had risen by 57% compared with the corresponding days four weeks previously. The careless and rash language of some Brexit campaigners seems to have legitimised the prejudice of some people to the point where they are targeting those who are visibly different. Of course it is only a small minority who perpetrate such outrages, but to the victims the impact is 100% and, in the communities from which the victims come, the fear is all too real. This is completely unacceptable and it must stop. This is not my Britain.

I believe that there are many layers and facets to why so many people voted to leave the European Union, some of which have already been mentioned. The vote was symbolic of a rejection of British multiculturalism; concerns about pressures on our schools, hospitals and GP surgeries; the housing crisis; the banking crisis; insecurities about employment; and the decline of our traditional industries. For me, the answers to these wider questions are both domestic and international. There is much that can be done in Westminster as well as much that could and should have been done standing shoulder to shoulder with our European neighbours.

If those who led the campaign to leave the EU have answers, we need to hear them now. Do they want to be in the single market or do they not? What level, if any, of freedom of movement do they wish to see? How will they retain the City’s passported access to European financial markets? Which taxes will go up and what spending will go down? How will they secure a bright future for our children and young people? One of the defining features of the reaction to the referendum outcome has been the utter dismay and even anger of young people, who believe that they have been deprived of the opportunities and freedoms that our post-war generation came to take for granted. Whichever side of the referendum divide we were on, we owe it to our young people to keep alive hope and establish co-operative links that will provide opportunity, of which the Erasmus programme is just one example.

There is a host of unanswered questions and during this debate a number of my noble friends will want to pose some of them from their particular areas of expertise. I hope that, when she comes to reply, the Minister will take them in the spirit in which they are intended, as some constructive suggestions to feed into the work of the unit being led by the right honourable Member for West Dorset, Mr Letwin.

Perhaps I may pose some further constitutional questions today, some of which have already been aired, in particular on the role of Parliament and of your Lordships’ House. First, last week during our

exchanges I asked the Leader of the House about the process for triggering Article 50. I still await an answer. Let us remind ourselves that Article 50 states:

“Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements”.

However, there is currently little clarity as to what the UK’s “constitutional requirements” are in this regard. Will this be done by the Prime Minister acting alone, using the royal prerogative? Will there be consultation with Parliament in the form of a debate and vote in both Houses or just in the House of Commons? Does the Prime Minister need the consent of Parliament to act? Should there be legislation? There has been much legal and academic debate and discussion as to how Article 50 might be triggered, but to date there is no legal certainty. While I can see that there is a case for leaving to the new Prime Minister the issue of when to trigger Article 50, this Administration surely must have a view as to how it should be triggered. After all, in February we were blessed with a paper from this Administration on the process for withdrawing from the European Union. One would imagine that they will have given it some attention and thought. It would be to the benefit of Parliament and the country for the position to be clarified as soon as possible.

Secondly, what will be the role of Parliament and this House in particular in carrying out its scrutiny functions and its important constitutional duty of holding the Government to account during the process of negotiation with the other EU member states? What part can be played by the European Union Select Committee of this House and by the European Scrutiny Committee in the other place? It would be extremely helpful to have some indication from the Government of the principles that will underpin parliamentary scrutiny of this process. How do the Government intend to involve Parliament in deciding which laws and regulations that have derived from Europe we will keep and which we will replace? Once these decisions have been made, it is clear that much legislation will be needed to give effect to the process. Can the Minister confirm that Parliament will retain its important scrutiny function in this regard?

There are of course wider constitutional implications following the result of the referendum, bearing in mind that Scotland and Northern Ireland both voted strongly to remain in the EU. How will the Government consult the devolved institutions, by which I mean the Parliaments and the Assembly as well as the Administrations, to ensure that the needs of Scotland, Wales and Northern Ireland are properly reflected in the negotiations? Will Scottish, Welsh and Northern Ireland government officials be seconded to work in the special Cabinet Office unit? What role will there be for the London administration and for local and regional authorities in England to ensure that their diverse interests are taken on board? It would be helpful if the noble Baroness answered these questions when she comes to respond tomorrow evening, but I would welcome a commitment from her that, at least, the unit under Mr Letwin will give most thorough consideration to the issues raised in this debate, that she will return to this House periodically to ensure

[LORD WALLACE OF TANKERNESS]

that noble Lords are kept well informed on the progress of negotiations and that the Government will make good use of the expertise in this House.

In the meantime, I am concerned by what already seems to be the abdication of responsibility by the Government in relation to several matters. This is only the sixth sitting day since the referendum, but I suspect that many noble Lords are already tiring of the expression, “The Prime Minister has been clear that decisions on issues relating to the UK’s exit will be for the new Prime Minister. I am therefore not in a position to make new policy statements in this area”. If there is one glimmer of reassurance, it is that at this time of great economic uncertainty and constitutional crisis, at least the noble Lord, Lord Ahmad of Wimbledon, has been prepared to step up to the plate to address the future of our bus services. How very British.

On one issue in particular, however, this Administration can and should take the lead and state openly and clearly that, come what may, European Union nationals settled in this country will continue to stay. The case for such an unequivocal commitment was eloquently made by the noble Lord, Lord Dobbs, yesterday during Questions. What kind of morality would make bargaining chips of the lives and livelihoods of people legally and responsibly settled here—their families, their livelihoods, their hopes and aspirations? It is not even a practical bargaining position. A Government who cannot even manage to deport foreign criminals with no right to remain are not credibly going to be able to deport up to 3 million EU citizens. In the dying days of this Government, surely the Prime Minister and his Ministers can show some moral fibre and pull something honourable, decent and fair out of the wreckage of their Government.

12.12 pm

The Archbishop of Canterbury: My Lords, the events of the past two weeks have led to some of the most traumatic and dynamic changes that we have known. The course of the campaign was robust—as it properly should be on such great issues—but at times veered over the line on both sides: it was not merely robust but unacceptable. Through such comments were created cracks in the thin crust of the politeness and tolerance of our society, through which, since the referendum, we have seen an outwelling of poison and hatred that I cannot remember in this country for very many years. It is essential, not only for this House but for the leaders of both sides and throughout our society, to challenge the attacks, xenophobia and racism that seem to have been felt acceptable, at least for a while.

Just over a week ago, at Lambeth Palace, at the breaking of the fast of Ramadan, I shared an iftar with the new Mayor of London, Sadiq Khan, and the Chief Rabbi. There were more than 100 young people of every faith and of no faith there. That sense of hope and energy for the future carried us through the rest of the week. It is there and we can reach for it. If, however, we are to thicken the crust through which the cracks have come, if we are to move to a place where we are not yet speaking of reconciliation but beginning to get on a path where in future healing and reconciliation

will begin to happen, we need to beware. St Paul, in his letter to the Galatians, says to them at one point:

“Love one another, cease to tear at one another, lest at the end you consume one another”.

We are in danger of doing that in the way that our politics is developing at the moment. If we are to tackle that, we have to put in place some fundamental issues to be capable of creating the agile, flexible, creative, entrepreneurial and exciting society—full of the common good and of solidarity and love for one another—which is the only way that this country will flourish and prosper for all its citizens in the world outside the European Union of the future.

The biggest challenge we face if we are to be effective in creating a new vision for Britain, a vision that enables hope and reconciliation to begin to flower, is to tackle inequality. It is inequality that thins out the crust of our society and raises the levels of anger, resentment and bitterness. We have done it before; this is not new. In the 19th century we tackled inequality. In the great Governments following 1945 we tackled the inequality that had been so ruinous to our society in the 1930s and led to the failures of that time.

The tools for tackling inequality are as readily available as ever. They are the obvious ones of education, public health—we would add today mental health—and housing. We must, however, take up those tools and invest in them. I am glad that the education side of the Church of England, which I believe my right reverend friend the Bishop of Ely will speak about later, has just launched a fresh vision for education that draws together not only the need for skills but the need for a whole person, deeply imbued with the virtues, hopes and aspirations that we will need in our society.

However, we also need investment in public health and to narrow the inequality gaps that have emerged in recent years. Last week we saw horrifying figures on the levels of child poverty in this country. We have seen a widening of the unfairness in our society, and with that it is no surprise that some shocking things have emerged in the last few days. Those tools, however, cannot be used effectively if they are held in some kind of vacuum of values. We need a deep renewal of our values in this country. We need a renewal of a commitment to the common good and of solidarity. We need a sense of generosity, hospitality and gratuity, of the overflowing of the riches and flourishing that we possess, not only into our society but across the world.

The issues of immigration and the hatred expressed to those who may have been here for two or three generations are not to be solved by simply pulling up the drawbridge. Neither will the plight of the many British citizens in Europe. This morning I was talking to the Bishop in Europe, whose churches many of them have attended, and hearing of their massive concern and deep insecurity. I am so glad that the noble Baroness, Lady Smith, the noble and learned Lord, Lord Wallace, and the Lord Privy Seal have all been clear about the unacceptability of treating people as bargaining chips. I add my voice to that.

We are to have a new sense of values. On a Friday in December, if the usual channels are as helpful as they have promised to be, I hope to hold a day’s debate on the nature of British values. That has become much

more important and I hope that some of your Lordships will be able to participate. We cannot despair. Many of us will have been part of the 48 and some of us among the 52. To bring them together for a country that flourishes for all its citizens is now our great challenge. I started with the scripture of St Paul and I will finish with Deuteronomy. As the Israelites were about to enter the promised land, God said to Moses:

“The eternal God is your refuge, and underneath are the everlasting arms”.

We live in a society deeply embedded in that sense of destiny and of hope. We can catch hold of that hope and be that agile, flourishing and entrepreneurial society that will benefit the poorest and richest—one that will reach out with a forward foreign policy to the poorest around the world and can renew the standards that we believe are the best of this country. I hope that in this debate we will have that sense of optimism and hope.

12.19 pm

Lord Lawson of Blaby (Con): My Lords, one of the most momentous decisions of our time has now been taken. Parliament agreed by an overwhelming majority that the people should decide in a referendum whether our country should stay in the European Union or leave. The people decided, on a massive poll, that we should leave.

It is regrettable that some, unhappy with the result, seek to prevent its implementation, whether by way of a second referendum or some other device. It is difficult to imagine anything more irresponsible, either democratically or politically. I can only assume that living in an elitist London bubble they are blithely unaware of the alienation of a large and growing section of the British people from the London-based political and banking establishment. Any attempt to overturn the referendum result would invite mayhem of the most grievous kind. It would not only be dishonourable, it would be playing with fire. I invite those who entertain this desire to consider the consequences. Incidentally, they might also reflect on what their response would be had the referendum produced a majority to remain in the European Union and the disaffected losers then demanded that it be re-run.

The only question before us is how best to implement our departure from the European Union. Our starting point should be that we wish the best possible relationship with the peoples and Governments of Europe, against whom we have no grievance whatever and a multiplicity of mutual interests. One important point that follows from this is that we must respect the EU doctrine that to remain a member of the so-called single market we would have to accept the freedom of European citizens to live and work here. That is something the British people have made clear is not on, so we must accept that we will be outside the single market. That is scarcely a disaster. The rest of the world is outside the so-called single market and trades happily and profitably with the European Union. You do not need a trade agreement to trade. Moreover, if we were to seek some special trading relationship with the EU, not only would we be adopting the position of a supplicant—which I do not like—but it would be a futile quest.

Following the invocation of Article 50 of the Lisbon treaty, it is important that our negotiations with the EU are completed as speedily as possible. A prolonged period of uncertainty can only be damaging for British business and the British economy. By ruling out the chimera of trade negotiations, a speedy process becomes practicable. Among the issues that will need to be agreed is the position of existing EU nationals resident in the United Kingdom and existing UK nationals resident in the European Union. In common with other noble Lords, I am appalled by the unwillingness of the Government to give a clear undertaking that EU nationals resident here before 23 June will be able to remain, come what may. Not only would it be unconscionable to require them to leave but doing so would be deliberate discrimination against Europeans since there is clearly—and rightly—no intention of requiring Americans or any other non-Europeans resident in the UK to leave. That is no way to build the close friendship we seek with our fellow Europeans across the channel.

Instead of wasting time and energy on a futile and wholly misguided attempt to secure a trade agreement with the EU, the British Government need to focus on how we plan to conduct ourselves as a self-governing nation outside the European Union. A whole range of issues need to be addressed, from the precise nature of our immigration controls—which need to be a single system applying to Europeans and non-Europeans alike—to how we will support our farmers following our exit from the CAP. The Government also need to repeal the European Communities Act 1972, which makes UK law subordinate to EU law, with a delayed commencement date to be determined by Parliament in due course. Meanwhile, a study needs to be undertaken of the vast corpus of EU regulations presently on the statute book to decide which we wish to retain, which to amend and which to scrap altogether. All this is a substantial and vital undertaking, which needs to be started now. It is all entirely in our own hands and not a matter of negotiation with others.

The result of the referendum was a tribute to the courage of the British people. Project Fear may have been successful in reducing the size of the Brexit majority but most of our fellow citizens declined to be cowed. The next Government and the next Prime Minister, whoever he or she may be, will have a historic opportunity to make the United Kingdom the most dynamic and freest country in the whole of Europe—in a word, to finish the job that Margaret Thatcher started—and to become a beacon to our European friends, currently embroiled in a failed and doomed experiment.

12.26 pm

Lord Radice (Lab): I will not follow the noble Lord, Lord Lawson, in what I thought was a less than generous and in some areas ill-judged speech. Of course, it is true that the referendum and the consequences following it have been a shock to many Members of Parliament, not only to those who supported remain but also to those on the leave side as well. You had only to see the faces of Boris Johnson and Michael Gove on the day of their victory to understand that. I confess that the last fortnight has delivered hammer

[LORD RADICE]

blows to the two great passions of my political life: the relationship between the UK and its continental partners, and the idea of a Labour Party capable of winning general elections. However, all of us—do not laugh on the other side—have a duty to work our way through the linked crises that face us and try to produce long-term policies in the national interest.

I do not want to dwell on the referendum and the campaign itself. We will leave that to the historians—there are some around here. I will just make one or two remarks about it. It is astonishing that David Cameron, who started by advising his party not to bang on about Europe, should have got himself embroiled in an in/out referendum that not only split his party but brought about his own political downfall. During the campaign, the remain side rightly explained the consequences of leaving the EU but it did so in an exaggerated way—I do not believe it was Project Fear but certainly there were some exaggerations—and without making a positive case for staying in. It is a long-standing criticism of British politicians of all persuasions that they failed to make the case for British membership while they had the chance. Even Tony Blair, who was very strongly pro-European, made his best speeches on Europe in Warsaw and Strasbourg rather than in the UK. We are reaping what we have sown.

As for the victorious leave campaign, to its shame it went well beyond exaggeration, especially over the cost of British membership, immigration and the prospects for Turkish membership. We have just heard a wonderful speech from the most reverent Primate the Archbishop of Canterbury. We need to draw important lessons from what happened in that campaign. We all need to act with a certain amount of humility. This is an emotion not always associated with the noble Lord, Lord Lawson, but I think he might have shown it on this occasion.

Where are we today? I suppose that we are where we are. Despite the deep divisions in the UK—with London, Scotland, Northern Ireland and the young, above all, voting the other way—there was a narrow majority for Brexit.

What should we do now? First, whatever the long-term consequences, we must avoid short-term economic damage if at all possible. I welcome the Chancellor's decision to abandon his fiscal squeeze. I also welcome the Governor of the Bank of England's announcement that the Bank will take whatever action is needed to support growth. One of the most disgraceful features of the leave campaign was its attack on the Governor of the Bank of England. My goodness, they need him now.

I believe it is right to delay invoking Article 50 for leaving the EU because we need time to work out a post-Brexit plan. Indeed, it was quite astonishing that the leavers had no plan themselves. Only Boris Johnson would have had the chutzpah, in yesterday's *Telegraph*, to call on the Government to come forward with a post-Brexit plan. He was meant to be the leader of the leave campaign and, until a few days ago, a candidate for the Tory leadership and a putative Prime Minister. The truth is—as we know and knew all along—that there was not and is not a plan. We need one badly.

The noble Lord, Lord Lawson, referred to the basic conflict of objectives. First, we need access to the EU which is by far our biggest market. Secondly, this almost certainly requires acceptance of free movement of labour. Unless there is some change in the EU position—for example, an emergency break—we are at an impasse which we will need to work through. I do not think we can do it by abandoning our role in the single market. That is a typical Lawson throwaway. I do not believe it will work and it will be extremely damaging to British industry.

If we are honest, we ought to mention the very unpromising political background that has occurred as a result of the referendum vote. I noticed the headline in last week's *Economist*—"Anarchy in the UK". I think that was going a bit far but the reality is that, since the resignation of the Prime Minister, there is no real Government with authority. We have an unseemly scramble for office—more like "Game of Thrones" than "House of Cards".

The Labour Opposition, with the exception of course of the Labour group in the House of Lords, is also in a mess. Its Members of Parliament have lost confidence in their leader. This leaves us in quite a difficult situation. I will leave the Tory party to its own devices, but there is no doubt that the Labour Party has to sort out its own problems as quickly as possible at this time of national crisis.

My last point is that, in this linked series of crises, we need the help of Parliament. We need Joint Committees of both Houses to oversee any post-Brexit plan that emerges, the invoking of Article 50 and any subsequent negotiations. We have a role to play. In times of national crisis, when governments and parties have been found wanting, we need to turn to our national Parliament for advice and help.

12.34 pm

Lord Campbell of Pittenweem (LD): My Lords, it is always a pleasure to follow the noble Lord, Lord Radice, whose commitment to the European cause is long-standing and equivalent to that of any other. The temptation simply to say that I adopt the speeches of my noble and learned friend Lord Wallace and that of the most reverend Primate is almost overwhelming.

I am deeply disappointed by the outcome of the referendum and I wish to draw some conclusions from that. I hope that the noble Baroness the Leader of the House, will not feel it too presumptuous of me if I say that, from time to time in her speech introducing the debate, I felt more than an echo of *Candide*: "Everything is for the best in the best of all possible worlds". Unhappily, it is not.

My disappointment, like that of others, has only been exacerbated by the rise in racial incidents which make me reluctant to believe that this is still my country. Those who have led us out of Europe bear a heavy responsibility which I have yet to see them accept or embrace. Mr Johnson, whose fondness for cricket is well established, has retired to the pavilion, having been run out by his partner. Mr Farage has resigned—not for the first, but for the third time—and I think we can believe, with some confidence, that this may not be the end of the chapter.

The truth is that never in peacetime has the United Kingdom faced such uncertainty with such little prospect of early resolution. We are divided socially, politically and economically, and—this is a matter close to the heart of all of us from Scotland—the very future of the United Kingdom is now at stake. Issues of this kind are often explained by the theory of unintended consequences. I have a different theory—the theory of inevitable consequences. It is a theory that we may have cause to revisit tomorrow after the publication of the Chilcot report. We have alienated a generation of young people. If noble Lords doubt that, they should look at the demonstrations and see the average age of those demonstrating with such commitment and enthusiasm.

We have embarked upon a period of economic uncertainty which is gradually, although not necessarily perceptibly, beginning to affect decision-making. This is not about the stock market or even about the pound. It is about the decisions being made in boardrooms not to invest, not to expand and to consider whether the best interests of their businesses would be served if they were located in the European Union.

There is a paradox. The regions which have had most economic assistance from the European Development Fund have rejected the European Union. How shall we provide the substitute finance in order to compensate them for that unwise decision? The regions most likely to be adversely affected are among those who decided to vote to leave. Again, how shall we deal with the issues of housing, education and transport which may have prompted these individuals to leave the European Union? What about talented individuals and professionals with portable employment skills, such as surgeons and those in information technology, who are increasingly being said to be ready to leave the United Kingdom?

We have just had from the noble Lord, Lord Lawson, assurances that we are entering a new golden age of economic success. Sunlit uplands was the only expression he did not use. We are going to have increased influence in the world but my question is when? No one has yet been able to give an assessment, or indeed made an effort, to lay down a date by which we will enter this combination of Arcadia and Utopia. Any party which went to the country in a general election, effecting to offer promising economic progress, but which could not state the date of it, would be laughed out of court—and rightly. Yet, this is the proposition which the people of the United Kingdom are being invited to accept.

There are two inevitable consequences and it is worth looking outside the United Kingdom. First, the efforts of the European Union to deal with Mr Putin will inevitably be diminished by the departure of the United Kingdom from the Union. Mr Putin has two objectives; they are there for all to see—the destabilising of the European Union and the undermining of NATO. We have helped to destabilise the European Union by the decision we now propose to take. Also the relationship which we enjoy with our closest ally, the United States, will inevitably be different, not least because, of course, President Obama went out of his way to say how important it was for the United States that Great Britain was an active member of the European

Union, echoing the policy followed by the White House since the days of President Kennedy. Inevitably, the United States will look for a closer relationship with another country in Europe. That is an inevitable consequence of what we are about to do. I think it is equally inevitable that that relationship will be with Germany, echoing the relationship between George Bush senior and Chancellor Schmidt, albeit that that was some years ago. None the less, it was a productive one.

It is said that we are all Brexiters now. Well, I am not a Brexiter and I hold fast to my belief in the European Union for all its faults. I draw attention to this fact: those of us who argued to stay in were willing to acknowledge the faults in the European Union. However, I never heard those who argued to leave acknowledge any of the merits or advantages of doing so. How long will these negotiations that we are talking about take and how easy will they be? The 27 members with whom we shall negotiate will inevitably be bound to follow their own national interests—how could they do otherwise?—particularly Angela Merkel and Mr Hollande, both of whom have general elections next year which already promise to be fraught with difficulty for them. What will be the role of the legislators? Have we to accept anything and everything which is put before us? An unelected House is in a different position from the other place. What is my responsibility, and that of all other noble Lords, if legislation is put before us which we regard as defective or not part of a sufficiently generous settlement between ourselves and the rest of the European Union? Are we simply to accept these things without quibble? Are we simply to say, “Yes, the people have spoken, therefore we must follow that, even if it is our considered and conscientious judgment that to do so in a particular area of legislation is not the correct thing to do”?

I discount the possibility of a second referendum. I also discount the possibility of a successful challenge in the courts. However, I say this: those who have brought us out dream of an England that never was and a United Kingdom that never can be. We have set ourselves on that path. It is inevitable that I should follow it, but I tell the House this: I do so with a heavy heart.

12.43 pm

Lord Boswell of Aynho (Non-Affl): My Lords, it may help the House if I confine my remarks as chair of the European Union Select Committee to the immediate task in hand: that is, making the most effective and constructive input we can, as a committee, to the Brexit process. It is not for me, as chair, to express today a view on the timing of withdrawal or of notification under Article 50, or in any way to prejudge decisions that will be for the incoming Prime Minister.

In times of turmoil, it is wise to “keep calm and carry on”, but not to the extent of ploughing on regardless. For our 43 years of European Union membership, our committee and its sub-committees have grounded our work in the scrutiny of documents, and we have together made good use of Members, many but by no means all of whom have specialist experience, alongside an expert staff. We have built a reputation for independent, evidence-based inquiry,

[LORD BOSWELL OF AYNHO]

demonstrated most recently by the huge amount of interest generated by our report published in May on the process of withdrawing from the European Union.

I should stress that we simply cannot give up on scrutiny. The EU continues to develop legislation and policies with an impact on the United Kingdom, its businesses and its citizens for as long as we remain members. Even thereafter, in areas where continuing involvement with the European Union is possible, such as single-market and security issues, decisions reached now at EU level could have a continuing impact on our future interests. I am therefore glad that the United Kingdom Government have made it clear that they will continue to be represented at Council meetings, and that the Government will continue to provide explanatory memoranda to us for European Union documents.

As a committee we will continue to fulfil our scrutiny duty but will strive to keep it proportionate and will put a particular focus on issues relevant to the withdrawal negotiations and our long-term interests. But our remit is not limited to scrutiny, and it is clear that a new focus on Brexit will be required. We are pleased that Oliver Letwin, who heads the new Brexit unit, has agreed to see us, alongside the Europe Minister, David Lidington, later today. I hope that our committee will be in a position to publish some initial thoughts on how this House can best scrutinise the withdrawal negotiations before the Summer Recess. That is, I suggest, a matter of both operational arrangements and the major subject areas of concern.

We are conscious of the risk of duplication and overload, so we will look at how best to collaborate or co-operate with other committees in both Houses. We will also build on our existing good links with the devolved legislatures and Administrations. It is clear that in a fast-moving situation we will need to enhance communication with all the main players and find innovative ways of picking up the phone and talking to people, and we must be ready to show flexibility and make changes as appropriate. I remind noble Lords that we as a committee are not conducting these negotiations; we are scrutinising them, and our use of resources should reflect that practical reality.

Nevertheless, I note, looking around the House, that there is a rich resource of experience here on the Whitehall side, and I hope that ways can be found for the civil and diplomatic services to tap into this to supplement their existing resources. I myself was once drafted in to help out with a comparatively minor crisis a generation ago, and suggest that Whitehall often does its most productive work when the scale of events demands innovation and flexibility. I should stress, though, that this is not an area of work I would seek to put through my committee.

Instead, we can perhaps as a committee help more effectively in two other areas. First, we are charged with representing the House in interparliamentary relations within the European Union. I hope that we will keep up our bilateral ties and friendships with colleagues in other European member states to maintain mutual understanding in testing times—although, of course, I invite colleagues outside our committee also

to maintain that process and to feed it into us. Secondly, I believe very strongly that we have a real duty and democratic obligation to the country, as well as to this House, to do our best to analyse and explain unfolding events. We have all already heard horrible stories of intimidation but are also very well aware of the wider subcurrents of concern and uncertainty felt across our society.

As a committee, we have a continuing duty to provide evidence-based, non-partisan, timely analysis of events as they unfold. Much of that work will continue to bear fruit in reports from my committee, although I am also giving some thought to how I might respond more informally to issues raised by colleagues.

We now have to make the best job we can, for the sake of both our own country and of our neighbours and allies. The process must start with a readiness to contemplate necessary change and to work with others to ensure that, as I hope and believe, the outcome will be one that all of us can live with.

12.50 pm

Lord Birt (CB): My Lords, some voting for Brexit were sincere British nationalists, opting for the romance of freedom and independence. For most, however, it was a vote of pure protest against an elite that has let them down. Our failure in the UK, as elsewhere, effectively to regulate the financial sector and to be prudent with government finances has brought nearly 10 years of austerity.

Immigration is vital to our economy, it enriches our culture and society and I support it wholeheartedly. But the biggest surge in immigration in our history has, in recent years, brought incredibly rapid change to agricultural centres such as Boston in Lincolnshire, and to our older, poorer industrial areas, and it has placed a heavy strain on our social fabric. In the past three years, for instance, Peterborough's maternity unit has been closed on 41 occasions to women about to give birth—a traumatic experience—for want of capacity in one of the UK's fastest-growing cities. That is an unpardonable failure of government to forecast need and to provide.

While it is easy to understand the frustration and anguish that has prompted the Brexit protest, the vote is a catastrophe for the UK and for its people. One of the EU's most important achievements, alongside other international institutions, has been to foster a stable, collaborative environment in Europe after centuries of destructive conflict. This is especially poignant for me at this moment because, 100 years ago last Friday, my grandfather Joe went over the top on the first day of the Battle of the Somme. As a child, I knew him well and was transfixed by his many tales of that horror-laden and wasteful war. Weakening the ties that bind Europe together cannot be in our long-term interest.

For our economy, the consequences are immediately adverse. I have witnessed that for myself in the first full working week since the Brexit vote, and old and trusted colleagues in the finance sector have shared their own direct experiences with me. I will give some examples; I could give more. I have had a briefing on a major Asian financial institution pulling out of a done

deal to acquire a major and valuable British company. I know of another sales process involving a major British-owned company which trades heavily all over Europe that was stalled because of buyer unease over Brexit, and because debt financing was now uncertain. If negotiations within the EU are prolonged, our economy will be racked by uncertainty for years to come. The Chancellor has already been forced to withdraw the targets for reducing our still massive indebtedness. We risk a recession and a further shock to our system when we are not yet over the last one, and we risk 20 years or more of continuing austerity, not just 10.

Our only hope is to negotiate terms to remain full members of the European single market. The notion of some in the Brexit camp that we should not want to be an equal participant in the biggest market in the world beggars belief. They appear not to have the slightest notion of how global markets work or of how complex are the activities of leading British businesses. We are paying a high price indeed for their naivety, for the professionalisation of our political parties and for the diminishing life experiences of some of our leaders. Nor do the most buccaneering of the Brexiteers appear to have the slightest notion of how global investors operate: how professional and how aware of risk they are. It will be entirely rational for global investors to be extremely cautious about investing in the UK until there is crystal clarity about all our circumstances.

But negotiating to remain part of the single market will not, of course, be easy, for our negotiating position is now weak. We need access to Europe's markets far more than Europe needs access to ours. Some EU members will want the UK to pay a painful price in negotiation in order to discourage exit or secessionist movements in their own countries. Some sectoral interests in Europe will press to advantage themselves over their British counterparts. Some electorates, wounded by a sense of British rejection, will want their leaders in turn to reject us. I work a great deal in Europe these days and I had many pained emails last week from European business friends and colleagues. One senior German industrialist recounted an exchange he had witnessed in his local bakery, with an overexcited shopkeeper shouting that Germans had to accept as a reality that the British hate Europeans. Local Mercedes workers in the same queue joined in angrily to assert that Mercedes should find other markets to sell their vehicles. Being nice to the Brits may become bad politics.

Yet we must hope and we must strive. Britain is already a member of the EU on special terms—absent from the euro, absent from Schengen—and there is a mutual interest in the UK remaining in the single market. While other countries will not easily give up the notion of the free movement of labour, perhaps all will recognise the advantages for all members of qualifying that freedom to gain the economic benefits while reducing social friction. Let us hope that we can find an accommodation. If at all possible, we need an exit negotiation which is not prolonged but rather is simple and quick and reduces uncertainty for all. Without that, the white-water ride ahead could be very rough indeed.

12.58 pm

Lord Maude of Horsham (Con): My Lords, I took no part in the referendum campaign. I felt no temptation to campaign on either side and so feel none to revisit the campaign today in the way that some have already done and others will, no doubt, do. Suffice it to say that I found the claims made on both sides of the argument to be exaggerated and overblown. The more I listened to the discussions and debates and the more I read, the more convinced I became that the arguments were far more finely balanced than either side would accept.

I have some history in this. In the late 1980s and early 1990s I had a season ticket to Brussels. I had a seat, successively, on the Internal Market Council, the Foreign Affairs Council, ECOFIN and the Budget Council. At the invitation of my noble friend Lord Lamont, who was then Chancellor, my signature adorns the Maastricht treaty. He found himself unavoidably detained on that day and said, "Francis, this is your chance to put your footprints on the sands of history". I have frequently been invited to recant that youthful act but have never been tempted to do so, because I think the Maastricht treaty could have been an inflection point in the development of the European Union. It could have been an end to the theology of one size fits all; it is binary, you are either completely in or completely out. At that point we became a partial participant in the European Union. Sadly, after 1997, the differentiation disappeared and the one-size-fits-all ideology regained its momentum.

I shall set out a few reflections on what should happen now. We do not need to rush this. We need to allow time for emotions to settle and for things to become a little clearer. The less seen of Mr Farage in the European Parliament the better. That kind of behaviour is not likely to create good conditions for us to conduct the necessary and difficult discussions that lie ahead. It cannot make sense to trigger Article 50 early when precisely the people within the European Union who are urging it are exactly the people who are urging retribution and who think that Britain must be punished for this intolerable act of insubordination. We need to pick our time and in the meantime engage in sensible, grown-up conversations with other nation states. It does not all have to be done at once. The priority is to maximise our participation in the single market. That is not as simple as it seems because the single market is nowhere near as complete as it is sometimes made out to be. I completely understand the argument, made passionately by the noble Lord, Lord Birt, for certainty. But a bad certainty now does not trump a better certainty later, so taking time makes sense.

Reform of freedom of movement has its own momentum. I suspect that some changes will come on that, irrespective of what Britain asks for. It will be increasing clear that our economic interests and those of the rest of the EU remain closely intertwined. This is not a zero-sum game. Economic activity lost to the UK will by no means automatically migrate elsewhere in the EU. We are and will remain the second biggest economy. If we start sneezing as a result of actions deliberately designed to harm us, economies on the continent with immune systems that are, frankly, rather weaker than ours will soon catch a cold.

[LORD MAUDE OF HORSHAM]

There is a danger here of those who have made predictions taking decisions that make those predictions come true. On trade agreements, it was said by the United States that Britain would be at the back of the queue and that no one would want to make a trade agreement with Britain. I tested this in my last week as Trade Minister in Washington, at a dinner attended by many trade experts including several former trade representatives from both sides of the aisle. I asked whether this was correct and with one voice they said, “Nonsense. We would do a trade agreement with Britain in a heartbeat”—and, to be frank, it would be a lot easier than completing the TTIP negotiations with which I was engaged. They are moving extremely slowly at the moment.

Likewise, on EU nationals, to echo points that I have made at other times in the Chamber, the Government should immediately make clear that position of the 3 million or so EU nationals already settled here will be protected. It cannot make any sense to hold out on that. It will be much better to establish the uncontested truth that these 3 million nationals want to remain here. This makes the point of how interlinked our economies are and will remain.

There is a movement towards reform within the European Union. Maybe this is wishful thinking—we have often tried to persuade ourselves that there is a movement for reform. We used to say that Maastricht was the high-water mark of federalism. But clearly there is growing frustration with the outdated certainties of Juncker. There is widespread anxiety about the undiluted doctrine of free movement. We used to talk about the free movement of labour, but that was in a different world without the huge disparities in wealth between member states that enlargement has brought.

Is it wishful thinking to believe that there may be constraints emerging on the freedom of movement that will be sharpened and made more immediate and pressing by Brexit, but also by the French and German elections that are coming up and the need for the mainstream parties not to be outflanked by the parties of the far right? There is a clear need for greater integration within the eurozone if it is to survive. There has to be a question mark over that, given the Commission's reluctance to use even the powers that it has at the moment to enforce fiscal clarity.

The European Union needs to move away from its binary view of life—that you are either in the club or out of it and that there is only one way to be a European. At the moment we are a 65% participant in the European Union: not in the eurozone and not in Schengen. I hope that the outcome of this vote at some stage will be that we remain a participant—not a member, that decision has made—but I hope that it will not be in a European Union that is in that sense binary, and that what we used to call variable geometry will come to live again, with different countries participating to different degrees for different purposes. That is what could have been and can be again. I put the chances of its happening as no better than 50:50—so we should stabilise as best we can and show commitment to preserving as much of the trading relationship as possible to discourage disinvestment and to encourage investment.

The Government can now make the investment decisions that lie within their power. I am sorry to see the Government deciding to postpone the decision on airport expansion. That can and should be taken quickly. There are also decisions on licences for the exploitation of shale gas—a commodity that will be produced domestically for domestic consumption, with no EU implications whatever—which can and should be made as quickly as possible. So we should take our time before triggering Article 50 and do it in a considered and measured way.

1.06 pm

Lord Berkeley (Lab): My Lords, the Lord Privy Seal introduced this debate. I suppose that we should look on her as the Leader in your Lordships' House of a caretaker Government who are commitment-light apart from on one thing—her statement that the Government have an instruction to implement the referendum. As I think my noble friend Lord Foulkes tried to intervene to say, the referendum is advisory. We now have a situation in which the campaigners are all gone. We are to have new leader of the Tory party who appears to believe that she has a mandate to leave the EU, but has a blank cheque and few views as to how this should be done and what should be done.

My noble friends Lady Smith and Lord Radice both said—and I agree—that parliamentary approval is needed before Article 50 is implemented. Probably this should be later, when we know the details. It is extraordinary that the Government have not given any information about this. Few people seem to have known what the consequences of Brexit would be and people still do not know, although some are learning fast. Some of those voting to leave in the biggest proportions were the silver-haired generation, like me. I do not support leaving. Sometimes I felt that they were almost fighting the last war. We have to get over this. The fear of migrants is very unpleasant.

The noble and learned Lord, Lord Wallace of Tankerness, and others commented that the younger generation is being committed to an unknown and fearful future. Of course, the Government managed to avoid 16 and 17 year-olds voting on this, which is their future. They are rightly angry—indeed furious—that a small part of the Conservative Party has inflicted this on them without spelling out the consequences.

Europe has brought peace, as many noble Lords have said. In the 1970s, for several years I lived in Romania and saw the effect of the failure and the lack of free movement of people. I do not accept that Romanians, Bulgarians and Polish people should not be allowed to move freely. They are in the European Union, as I hope we are. It is extraordinary that people can want to go back to a time when there were frontiers and you had to get permission to leave and sometimes, in the communist era, it was a great deal worse. Peace is very important and, as many noble Lords have said, it is essential to retain freedom of movement.

The campaigners for Brexit intentionally mixed up the freedom of movement of people within the EU with the problem of migrants. I am chairman of the Rail Freight Group and do a lot of work looking at how we get freight between Calais and Dover with all the migrant problems there.

What people do not seem to realise is that if we leave the European Union, the French Government have already said that they will remove all their controls, camps and everything else to prevent migrants coming here. They will probably start running ferries of migrants across, because as soon as they land in this country they can claim asylum. Heaven help the Home Office if it has to deal with 10 times the number of migrants coming in because we have left Europe. We must keep separate the issue of migrants—how many should come and how that is done, which I know that the Government are taking forward—which does not apply to people within the European Union, where there is free movement, and make sure that everybody understands the difference.

The single market covers much more than the odd truck going across and the odd manufacturer. It covers most of the things that our businesses do in this country. It covers science research—I declare an interest as a trustee of Plymouth Marine Laboratory—manufacturing, finance, which many noble Lords have talked about, agriculture and rail freight, in which I declare an interest as chairman of Rail Freight Group.

The noble Lord, Lord Birt, talked about uncertainties which are bringing massive changes and job losses. Why does the Tory party seem to think that this is a good thing? In the campaign, some of them said that we will keep the single market and stop migration. It is a naive way of approaching negotiations with the European Union to think that we can impose on it what we want and expect it to accept it. I still spend a lot of time in Brussels on rail freight business. We are negotiating between two equal parties, but some of them are heartily sick of the way we have been changing our mind, having a go at them and trying to get little changes here and there over the past two years, so it will not be easy. As my noble friend Lord Radice said, Angela Merkel has said there will be no single market without free movement of people, so we have to sort this out.

It is not right that Parliament needs to implement this on the basis of a very narrow majority in an advisory referendum for the leave campaign, now demonstrated as being based on flawed information, untruths or worse. I fear that the same reason is there now as a year or two ago: the fear in the Tory party of UKIP, which will force even the most pro-Remain Tory Members to vote for Brexit regardless of the damage to their constituents and the UK. I see this as real arrogance and putting party infighting before the needs of the country. It is breathtaking. What is the solution? Perhaps we should be looking for a coalition of right-minded Labour, Lib Dem, SNP and others—even Tories—to stop this disaster in its tracks before it goes even further.

1.12 pm

Baroness Kramer (LD): My Lords, while politicians—I include myself in that group—talk, two parties try to sort out their leadership issues and the leadership candidates for the Tory party, of whom the winner will become Prime Minister, try to sort out what on earth their platform will be for negotiating with the EU, businesses are making decisions. They are not making short-term decisions on market movements today,

tomorrow or next week; they are making decisions about their long-term future. So many businesses that I and others in this House have talked to recognise that everything they have heard from the Government suggests that they are not really interested in protecting them. The businesses I have talked to—I should be interested to find others that take a different view—are making their decisions based on access to the single market. Large companies and small—I talked again today with members of the Federation of Small Businesses—require that access to be able to export, which underpins their potential as companies. They are either direct exporters or in the supply chain and need access to the European market.

It is not just an issue of tariffs. They are concerned that as regulations diverge once we leave the single market, they will be required to run two sets of operations: one to meet UK regulations, one to meet EU regulations. It will require certification and documentation, and the estimate is that divergence in regulation is equivalent to a 10% tariff. That already threatens their viability as future exporters into the EU or their role in a supply chain.

They are making decisions now. We know from talking to the Institute of Directors and the FSB's recent surveys that most companies have imposed a hiring freeze; it turns out that small businesses are actually cutting head count. Most of them have cancelled major contracts. They are deferring investment decisions. I have not heard of any foreign investor who is bringing significant money into the UK. We were the recipients of some of the largest amounts from foreign investment funds. They were behind our business, they countered our current account deficits but they are evaporating. Unless we get action very soon to counter this assumption that we must leave the single market, that process will continue. Companies will operate in their own best interests; that is their responsibility to their shareholders; that is what will happen.

I am fundamentally concerned because, like others, I see no way to square the circle of the leave promise to cut immigration significantly—which means ending freedom of movement—and retaining single market access. We certainly need to hear from those who led leave on how they intend to square that and, if they will not, for them to accept the consequences of the decisions that businesses are making. Businesses are not political creatures; they make their decisions based on what they see as the future of their company in the long term. Many of them are being driven to be more aggressive than ever as they cannot even get guarantees that the foreign staff they have today will be able to work in the UK. That is souring internal decision-making. Many of the senior management of our key businesses come from within the EU, and as they look at that instability, it becomes far more attractive to consider returning to continental Europe.

While I have a couple of minutes, I want to look at two areas. The first is the City. I sat on so many platforms in so many debates during the referendum campaign. To say that leave was insulting about the City would almost be an understatement, but the City is absolutely the heart of our economic viability as a nation. It funds the public services that we need in our country but which, as many have pointed out, have

[BARONESS KRAMER]

been incredibly inadequate. It is a major source of funding for the infrastructure, the new social housing, and the improvements in our schools and the NHS that we need.

A core of financial services in the City has been its role as the leading location for clearing financial trades. In 2014, London cleared nearly 50% of global interest rates and over-the-counter derivative transactions and nearly 40% of global foreign currency transactions. We are talking of amounts in the trillions in trading volumes. About a third of those were euro-denominated. The European Central Bank has already said that it wishes to ensure that clearing of euro-denominated instruments remains within the European Union, preferably within the eurozone. It was unable to enforce that because of the non-discrimination rules that are structured into the life of the European Union; those disappear the moment we leave. Because of the way that countries are now clearing all their trades on the same platforms in order to be able to net dollar trades, euro trades, yen trades, et cetera, if we lose euro clearing, we might as well lose dollar clearing and most of the rest of the clearing business.

Passporting is utterly dependent on being part of the single market in order to sell our services, but nobody, including the noble Lord, Lord Lawson, ever addresses the issue. I talk to the wholesale insurance industry. Its business is totally dependent on continental European institutional customers. I talk to the long-term asset managers. Their business is overwhelmingly with continental European entities. They will have no choice but to leave if passporting goes. People talk about other ways of doing business, such as equivalence and country-by-country licensing, but both of those require the movement of substantive operations into the EU area. The rules do not allow you to put up a brass plate and operate out of London, but require a substantial transfer of operations.

The last area I want to talk about in the minute I have left is the new world. I work a lot with financial technology companies. We are an absolute leader in this area. Young entrepreneurs come from all over Europe to set up in FinTech here in the UK, and they are terrified of the consequences. As the digital single market forms, they cannot afford to be outside it. Berlin is a serious rival to London. They desperately want to stay here, but they are looking at the realities, and funding has dried up for many of them. We have reports of venture capitalists that have Brexit clauses in their contracts pulling out of deals with companies over the last week. These companies recognise that if they do not move to be within the European family very rapidly, they may be unable to raise the finance which is totally necessary for their future. The very least the British Government could do is step in with the British Business Bank and replace that. There are so many specific issues, and if we ignore them and talk only in broad generalities, we will have no idea of what is coming and no way to cope with it.

1.21 pm

Baroness Kidron (CB): My Lords, more than 30 million of us voted. Turnout was high, and we cannot—nor should we—ignore the outcome. The Government

have a mandate and duty to negotiate the best terms of exit, but in negotiating those terms, if we fail to listen to the voters, we risk unleashing a very intolerant pain. By “listen”, I do not mean to the binary of Brexit or no Brexit, but listening to both the large minority who voted to remain and the underlying causes of the vote to leave.

That vote largely came from communities that have already paid the price of a global marketplace, as seen in the almost terminal decline of mining, shipbuilding, steelmaking and other huge swathes of manufacturing. For those communities, that decline, and the decline of trade unionism, have also meant a decline in decent pensions, workers’ education, job security and a place at our table—Government and Parliament are worryingly free of working-class representation. These communities have been the collateral damage of an austerity programme under which cuts to the public sector and local councils have denuded whole regions of an ecosystem that allowed for a level of self-determination and the funds to keep them afloat. The referendum did not create a divided country—it was an expression of an already divided country.

The referendum was framed to ask whether the electorate felt the terms negotiated by the Prime Minister were good enough to stay, and they said no. Although many voters were expressing long-held beliefs, a significant minority were persuaded that they were protecting their communities from the onslaught of 50 million Turks, that they were supporting their beloved NHS to the tune of £350 million a week and that all the benefits of EU membership were available even if we voted out. They were persuaded because that is what they were repeatedly told.

Taking the temperature of a nation to inform government policy is not legally binding, nor is it some absolute principle to which we all hold. Indeed, sadly, the decision to hold a referendum at all was a bungled attempt to keep Government Back-Benchers quiet. It would be a travesty if the future of the country was determined by pitting the interests of the political class against the real needs of those communities which so desperately need a new settlement.

The EU is not blameless. In offering the Prime Minister a lousy deal, and now worrying more about contagion than the Union, it is showing the same lack of political imagination and commitment to common good that we have shown here. Not just in the UK but Europe-wide, there is an explicit and expressed anxiety about free movement. It is an admirable principle, but what about community and protecting communities—both the communities of host nations that feel overrun and the communities whose workers, mothers, teachers and doctors abandon them for the relatively better wages, but not necessarily better lives, elsewhere?

I have been so angered by the deliberate conflation of the refugee crisis and free movement, to the detriment of both and the shame of us all. I welcome migration, with all its economic and cultural benefits, but then I am first-generation British. I live in London with my family and am economically secure. It is a more complicated picture both for the young Bulgarian woman who leaves her children in Sofia to come here to clean on a zero-hours contract for marginally better wages—but not necessarily a better life—and for her

UK counterpart struggling to find secure work. As one young Geordie man said to me, “Don’t talk to me about losing jobs—I’ve never had one”.

Union remains an ideal worth fighting for. It provides us with ballast against conflict, trading partners, cultural exchange, an enlightened social project and, in a global world, the collective voice of half a billion people on any subject from climate change to data protection. But if Europe refuses to engage with communities that globalisation and nation states have left behind, that ideal is tainted, not only here but right across Europe.

We are going to hear a lot about democracy today and what is or is not democratic. The Prime Minister stated in the other place that how we now leave is our collective responsibility. But the *realpolitik* is that Conservative Party members have the privilege of choosing our next Prime Minister, and whoever she is will have the privilege of then deciding how we proceed. Worryingly, we already see an arms race to establish who has the best Brexit credentials, pitching the future security and aspirations of those EU citizens who have already made their home here into doubt—more careless talk from politicians, with real-life consequences, as we have seen so recently in the rise of racist and xenophobic attacks and the violent murder of Jo Cox. What short memories we have.

How can we pretend that democracy is represented by unelected people in Europe working alongside an unelected Government, cobbled together during one of the most unedifying periods of British politics, to bang out a deal that does not even begin to express the need for the housing, jobs and services that the electorate so desperately call for? What of the young, who voted overwhelmingly to remain? The Prime Minister has said that they should “make their voice heard”. They will live with this much longer than any of us, but I am struggling to understand by what mechanism they will make their voices heard. Indeed, how do any of us make our voice heard? I would like to hear from the Government how they intend to represent the 48% of the electorate who voted to remain—workers, the nations, regions, businesses, farmers, the creative industries, environmentalists and so on—within the negotiations. The voices of such a group would undoubtedly be better received in Europe, and it might go some way to persuading all the UK that it has been represented.

Just as we have tested the terms of staying and found them wanting, why not test the terms of leaving to see if they are palatable? A second referendum is not an excuse to ask the same question and get a different result, but an opportunity to ask a more exacting question.

1.29 pm

Baroness Goldie (Con): My Lords, vocabulary is inadequate to describe events post the EU referendum. There have been the appalling and repugnant incidents of racism, which we condemn as of one. On an almost daily basis, the political world has presented us with drama, crisis and shock as the body politic has ripped itself to shreds. Much of that has been accompanied by meaningless platitude, vapid generalisation, acerbic rhetoric and behaviour which transcends anything that even the most inventive scriptwriter for a TV soap opera could concoct. Among all this verbal detritus, a

bewildered and divided public are looking for a vision, plan, map, compass or anything which might seem to have about it a whiff of direction or a road to travel. In the midst of this chaos, there are some certainties and we need to sift them out.

First, the result: the UK decided to leave the EU. I wanted to remain. I do not like the result, which I profoundly regret, but I absolutely must respect it. Indeed, the most certain way of keeping raw and bleeding the wounds of division across the UK is by not respecting that result. The recrimination, regret and blame are for the past. The future is about the new journey which we have been mandated to embark upon, trying to heal and unite as we travel, moving forward with purpose, focus, energy and hope, about which the most reverend Primate the Archbishop of Canterbury spoke so eloquently and percipiently. The second certainty is that within two years of invoking Article 50 of the Lisbon treaty, the UK will leave the EU and the third is that the UK negotiations for that exit can only be led by the UK Government as a member state. Finally, by early September, we shall have a new Prime Minister and a Cabinet ready to lead these negotiations. It seems to me that these are the certainties, but that swirling around them are the tides, eddies, currents and undertows with hidden reefs, which will require consummate skill, astuteness and wisdom to navigate.

On a purely personal level, I observe that I am very sad it will not be David Cameron who leads us through these uncharted depths. I understand why he felt he had to resign and his decision was the correct one, but it makes me no less sad at losing him as Prime Minister. When he became leader in 2005, I had just become leader of the Scottish Conservatives. He was a huge support to me, always available to speak to, always ready with sound advice. He has provided firm and courageous leadership during very difficult and challenging times and I thank him for that tremendous contribution. I will not dwell inordinately on his successor, other than to define what I want, which is someone steadfast in their political views, steadfast with their political colleagues, steeled by experience at the highest levels of government with proven wisdom and good judgment—someone in whom the British public can have confidence. I want someone who is known to and respected by international leaders, including those in the remaining EU countries. I find one person satisfying those criteria and I make no secret of my support—it is Theresa May.

Different contributors to this debate will want to focus on particular aspects and it will surprise no one that I want to talk about Scotland, which voted decisively to remain in the EU, or that Nicola Sturgeon and I interpret that outcome very differently. I voted to remain in the EU, but on the basis that the UK would be the member state. That was the question before me. I read the ballot paper carefully and I do not recall any explanatory note saying, “By the way, if you live in Scotland, your vote to remain will be a Nicola mandate to keep Scotland minus the UK in the EU”. What a completely ludicrous, illogical and flawed proposition. An EU without the UK as a member state is a materially altered and changed EU. Who knows what shape it will take or what shape it will be in? So when Nicola

[BARONESS GOLDIE]

Sturgeon says she has a mandate to try to keep Scotland within the EU, I say, “Just simmer down, you have nothing of the sort”. What she does have is the responsibility, as Scotland’s First Minister, to do all she can to ensure that Scotland’s best interests are at the very heart of the leave negotiations and that involvement can only be as part of the UK negotiations. Now, her Écosse charm offensive—clicking her stilettos around the corridors of Brussels—may assist these negotiations. She is a formidable communicator, but her role and her responsibility is to keep the Scottish dimension at the forefront of the UK negotiations, not to go off on some diplomatic exit frolic of her own.

Many may have doubted how divisive a referendum campaign can be. I have now lived through two doses of corrosive referendum acrimony and what is Nicola Sturgeon’s healing and measured contribution to this crisis? She wants to prepare for another independence referendum. It is a seriously misjudged response. It may reflect the Scottish National Party’s interests; it profoundly disservices Scotland’s national interest. First, 1.6 million votes in Scotland to remain in the EU do not cancel out 2 million votes to stay in the union of the United Kingdom. Secondly, the union she wants to leave accounts for two-thirds of Scotland’s exports; the Union she wants to join accounts for just 15% of them. Thirdly, the fundamental flaws of the separation case remain unaltered and every bit as stark: no central bank, no currency, a worsening budget deficit of £15 billion and business jitters.

My message to Nicola Sturgeon is this: your country’s interests are at stark variance with your party’s interests. Your duty in these turbulent times is to your country. Protect and promote Scotland by being at the heart of the UK leave negotiations. Use your considerable skills and undoubted ability to form and influence these discussions. Use your position to reassure the business community and to engender stability. Above all else, do not wreck that positive platform for progress by reigniting the destructive and divisive process of an independence referendum. We may have made a decision to leave one Union. That decision is precisely why we must strain every sinew to protect and preserve our remaining United Kingdom union.

1.36 pm

Lord Whitty (Lab): My Lords, I was very pleased to be following shortly the remarks of the noble Baroness, Lady Kidron, because like her, I wanted largely to focus on the state of the nation following this vote. We rightly will have all sorts of views about the constitution, international relations, Europe and the economics of the situation, but we also need to take account of what the vote reveals. Like many of my friends and colleagues on all sides of this House, I was devastated by the result. I speak as someone who, against the views of most of my party and movement, campaigned in 1975 to stay in. Even when I had some responsibility for general elections, I do not recall ever crying at the result, but I did after this one. It has been devastating for many of us.

I was devastated but not shocked; I was hardly even surprised. I do not think that any of them are in the Chamber now but there were Members of this House

who, two or three weeks before the referendum, told me they had not met a single person advocating Brexit. That applied to others in the London-based elite outside this Parliament and it indicates, perhaps at the extreme end, the difficulties of us in Westminster relating to what was going on in the country. It was not an edifying campaign and the result was not because of the flamboyant leadership of the leavers nor of the ineffective leadership of the remainers. It was a campaign which seemed to be one of fear against prejudice, rather than offering two versions of hope for affirmation. The noble Baroness the Leader of the House said that it was a momentous demonstration of democratic process, and it was. She also said that it was due to enthusiasm, but I do not think so; in some places at least, it was closer to desperation and despair. The elite are not listening to what is going on in large parts of our country. The most reverend Primate the Archbishop of Canterbury had it right today. The issues that people were really moved by were their employment prospects, their lack of access to public services and inequality in our nation.

It was immigration that got blamed, primarily, and the EU got blamed for the immigration. Some of that is logical, but some of the reasons are also that successive leaders of Governments of all parties have not made clear to the British people the benefits of EU membership and have blamed it for decisions, and their effects, which were actually the responsibility of the Westminster Government. A positive side of that campaign never really came across; instead, we opted on the remain side for Project Fear. A lot of why people voted the other way was because of the lack of enforcement of labour standards, the lack of access to public services and so forth. Because of that vote, we have now had a seismic decision in the history of our nation and in our internal constitution and geopolitical position. Those changes have also, as others have said, let other demons out, as we have seen in terms of the racist attacks and other effects on the streets of our cities. It is time that we focused on the basic causes of this vote.

My noble friend Lord Radice said that in effect we have no Government in this country at the moment, and no Opposition, and he is right. To be slightly more facetious, on the Saturday after the referendum result, there was a point when the Prime Minister had resigned, the Chancellor of the Exchequer had gone AWOL, the leader of the Opposition was pronounced officially to be in bed and the then-assumed next Prime Minister was playing cricket, while sterling was already falling and the prospects for the markets were already appallingly facing us. The Government need to get their act together and so does this House. This House can help. As the noble Lord, Lord Boswell, said, we have a key role in our scrutiny committees and the expertise and approach adopted there.

We have to decide which of the seven or eight options—or the three options—of how we in future relate to the EU are to be pursued. However, I fear that some of those options are not on the table. I need to apologise to some of my noble friends for appearing to echo the noble Lord, Lord Lawson of Blaby, but a single market requires single rules, and the single rules of this market include free movement. I hope that there can be some modification but I fear that there

will not be much—because, as noble Lords have said, other EU Governments are under equally acute political pressures in respect of negotiating with the UK over the next few months. I chair the EU Sub-Committee on the Internal Market, so I will be at the brunt of this in some ways.

Another thing that appals me about the Government's position is the lack of contingency planning. Thank God that the Bank of England at least had a contingency plan but, as I understand things around Whitehall, there is no contingency plan either of the immediate position in relation to policies within Europe during this negotiating limbo nor for the long-term position as to how EU-derived legislation on the UK statute book will ultimately be dealt with in future. The House of Lords scrutiny committees can help in that process, but we can only help.

Our political leaders in another place need to accept that they have been turned over in one way or another. I share some of the view of Nicola Sturgeon that the noble Baroness, Lady Goldie, mentioned—but the fact remains that she was the only leader of a political party in these nations of the United Kingdom whose population and electorate actually followed its advice. The rest of us have been seriously disavowed. The House of Commons and the political parties need in very rapid order to get their act together to address our future relationship with the EU, but also to address the problems of a deeply divided and resentful country.

1.43 pm

Baroness Bowles of Berkhamsted (LD): My Lords, George Washington said in his farewell speech to Congress:

“Tis folly in one Nation to look for disinterested favors from another”—

or, as I might put it from my experience, EU negotiations can be like the knife fight in “Butch Cassidy and the Sundance Kid”: there are no rules, no promises, and there is always a final twist.

There is no reason why our hand should be forced on Article 50 before the UK is completely ready, with a consensual approach; it is not in the national interest otherwise. Regrettably, intimidation, improper exclusion of UK representatives and all kinds of other illegal pressures and innuendos from institutions and the wider commentariat are not new tactics and one can expect them to be deployed on a much greater scale—but we must not give in. Additionally, it has always been impossible to conduct timely negotiations when major countries have been having elections. It is a recipe for prevarication and backtracking, often with long turnaround periods with no true mandate. If it holds up work on a directive, you can imagine what it would do to Brexit negotiations. We cannot have our two years wasted.

Right now, there are also battles for supremacy in Brussels over who fills the UK vacuum—Germany needing Poland, France cosying with Italy and Spain—who gets our agencies, whether protectionism will win, whether member states will assert themselves more strongly over the Commission, whether the Commission will stop being a proxy for the core member states, who in the Commission goes where, or moves, whether

the Italian banking situation will smash apart legislative and state aid discipline, whether the French will see off the posted workers directive, and more.

Back here, response to the outcome of the referendum is more challenging and requires more oversight, because leave offered a false prospectus that no plan can fulfil. Some suggest that an EEA-type basis as a quick, temporary harbour, giving market access, is a solution. That brings into play the exact three conditions that were the headline reasons for the leave vote: budget contribution, free movement and control over laws. Many capitals see it as the ultimate humiliation for the UK and say that adjustments are not possible, but, being Europe, they also suggest a few, which are currently unacceptable but may be an opening to the variable geometry espoused by the noble Lord, Lord Maude.

In the UK, it has been argued that we can get a better deal than Norway or Switzerland because we are larger. That misunderstands the current state of mind of the EU 27; they are more wary of giving a good deal because we are larger. Frankfurt, Paris, Luxembourg, Amsterdam and Dublin aim to poach work from the City, but they fear an aggressive offshore UK. So threats of protectionist measures are fuelled by the balance of power in the Council minus us, by the need to satisfy the Parliament, which requires the socialist group on board, and by the perceived need to inflict pain to discourage other breakaways. Such actions may bring international opprobrium and indeed the reverse of the intended effect, but it is a known tendency.

Free movement is well flagged by the Government as an issue for negotiation, but we should look at budgets and laws as well. Repatriation of budget payments featured prominently in the referendum—I think that it was on a bus—and, even diminished to its proper size, it still features in debate. Nevertheless, there is a robust case that saving jobs through market access, especially highly paid ones in the City, can cover the cost of significant payments from tax take alone. Against that, there is a 15% hole in the EU budget when we leave, so there is some leverage there. The EU has already besmirched itself with external cash-not-migrant deals—not that I recommend them.

For both free movement and budget, the basis of any agreement can be free of subsequent unilateral change by the EU. That is not the same when you come to laws. Without the UK round the table, laws can change considerably and unilaterally. This is a problem more in some areas than others. We will not be there when the Commission discusses its pre-drafts with member state experts, nor to amend as texts go through the Council and Parliament, nor in the regulatory agencies that draft standards where currently we chair important working groups. There are many agencies beyond those in financial services, but the powers of the European supervisory authorities and UK influence within them has been an obsessive concern, even while we are so powerful within them. Are we now to become mere note takers?

I know what EU financial services law would have looked like without input from the UK. It is not a static situation and plots are already afoot to make

[BARONESS BOWLES OF BERKHAMSTED]

changes. If we buy wholesale into a law-taking regime, at least in financial services, we may be buying a pig in a poke, passports or not. That is a problem that we must solve. It cannot be counteracted simply by channelling more resources through international bodies such as Basel, the FSB, IOSCO and the IAIS, which I observe are also unaccountable international bodies to which we send unelected people. For financial services, mutual recognition or equivalence provisions are another route but, as has been pointed out, the process is tricky and inherently political, and introducing more subjective conditions is already a talking point in Brussels. The question would be how far such changes would upset international relations with the US and whether that, and perhaps resolving the fears of an offshore UK, could give openings or a route to the variable geometry that has been described.

This is a small part of what we face and the plan seems to start from scratch. In some areas, our counterparts are not even just the EU, so never has “Act in haste, repent at leisure” been more relevant.

1.51 pm

Lord Armstrong of Ilminster (CB): My Lords, after 65 years of public service, I do not remember such an unholy mess as we are in now, except perhaps after the Suez affair. It is an existential as well as a political crisis. As a result of recent events, my enthusiasm for referenda, never very strong, has evaporated almost to nothing. I pass over the lies and half-truths, the threats and the promises, the commitments proposed and then abandoned as soon as the votes had been counted and the rancour of the recent campaign. The problem with a referendum is that the issue is presented as a simple binary choice: yes or no, leave or remain. The issue of membership of the European Union is not simple or binary; it is a choice of complex and often conflicting considerations and of deciding where the best interests of the nation lie. Such issues are better decided in our traditional system of representative democracy by Parliament.

In that system, a referendum is advisory, not mandatory. The result of a referendum deserves to be treated with the greatest respect, but it is for Parliament to decide, and in this time of tension a great responsibility falls on this Parliament. We in both Houses of Parliament have to rise to that responsibility at a time when the uncertainties that confront us are unprecedentedly extreme and very long-lasting. We are, as the noble Lord, Lord West, would say, in uncharted and turbulent waters.

We are told that the process of extracting ourselves from the European Union will take five years or more—five years of continuing economic, financial and political uncertainty with the risk of lower investment, less employment and higher inflation as businesses and people speculate over and try to anticipate the outcome.

I cannot rid myself of the fear that we are on the verge of a terrible mistake, for which our children and our children’s children will pay the price. We should be thinking about the effects of the uncertainty on the young going to Europe to work or to study, on the young

people from European countries on whom the National Health Service and other public services in this country depend and on the hopes and prospects of those British citizens who have chosen to make their lives in Europe. We should be thinking about the benefits we derive from the EU’s contribution to scientific and technological research and development and, what is more and most of all, we should be thinking about our place in Europe and in the world.

The European Union—the European Community as it was—was created to be one of the institutional guarantors of peace and stability in Europe, and particularly of peace between France and Germany. In this respect, it has been astonishingly successful over the past 60 years, so successful that many of us seem to think—in my view wrongly—that any future European war is simply unimaginable. This is something to remember as we commemorate the Battle of the Somme. It was created also to give the countries of Europe together a degree of influence in a world of global superpowers that none could have on its own. Neither of those purposes has diminished in importance. This country is geographically, genetically, historically, culturally and inescapably part of Europe and we cannot in practice, and should not try to, become semi-detached from Europe. Our place and influence in the world will be weakened by leaving the Union.

For these reasons I hope that, even while the new Prime Minister and his or her colleagues—I must say it is strange to be using that expression “his or her”; it is quite like old times for some of us—develop a strategy for negotiating our departure from the EU a sense of their responsibilities at a time of great uncertainties should lead them to explore even now, at this late hour, whether there is any possibility of reaching an agreement with the EU and its other member countries, building on the changes agreed with the present Prime Minister in February, which would allow them to recommend to Parliament, and Parliament to recommend to the British people, that we have a new deal and do not trigger Article 50 but remain as members of the European Union.

That may not now be possible. If it is not, we shall continue on course to leave the EU, but as the Foreign Secretary said yesterday, and as the Leader of the House said this morning, we must seek the best deal we can for Britain. We should not exclude the possibility that the best deal for Britain might be achieved by staying in the EU. The situation has now profoundly changed since February, and even since a month ago. The new Government will have a responsibility to explore the possibility, even now, of such an outcome and they might find the European Union willing to discuss that.

Such an outcome would resolve, at a stroke, the uncertainties that will beset us as we continue on the course of leaving the EU. It would enable the new Government to concentrate on strengthening the economy and pursuing social reform. It would restore the strength of our nation. It would allow us to continue to contribute to the strength and effectiveness of the European Union and to take part in its reform, which is now necessary and inevitable, and it would enhance the confidence and respect in which we are held by our allies and friends in international affairs.

1.58 pm

Lord Lamont of Lerwick (Con): My Lords, I agree with the noble Lord, Lord Armstrong, on one point: we should not turn our back on Europe. I hope we will have co-operation with Europe, but that is not the same thing as leaving the European Union. While I do not share the gloom of the noble Lord, Lord Armstrong, I confess to a degree of shock on the day after the referendum: shock that the side I had supported had won when I was not entirely confident that it would, and a much greater shock that so many people refused to accept the verdict of the people. There was far too much talk about reversing the result. I was stunned by the intervention of the former Prime Minister Tony Blair, complaining that the result of the referendum had been voted for by only 51.7% of the electorate. This compares with the 43.9% who voted for him, about which he never complained at any time. If we do not accept the result of this referendum, there will be a real awakening of bitterness next time.

I campaigned and voted for the leave side, partly because I have long been sceptical about the allegedly unique benefits we are supposed to get from Europe. More importantly, I am totally opposed to political union, progress towards which seems to me to be going down a blind alley with a dead end. If Europe wants political co-operation, that is one thing, and it should be on an evolutionary basis. It should not be engineered and manipulated by an elite with its own agenda. Europe is an entity without a demos and, thus, it is without the potential for real democracy. Various speakers have referred to their own sense of European identity. Europe has a weak common identity compared with the nation state, which has a strong sense of identity, plenty of life in it and plenty of legitimacy left in it as well.

I agree with the most reverend Primate the Archbishop of Canterbury and the noble Baroness, Lady Smith; I do not believe the status of EU nationals residing in this country and working in this country ought to be a bargaining chip in the negotiations at all. That ought to have been cleared up already. I also agree with the most reverend Primate, the noble Baroness and others, who have very forthrightly condemned the attacks on Polish and other immigrant communities. This is totally unacceptable and must be roundly condemned. At the same time, it is totally wrong to label people who have legitimate concerns about immigration as racist. That seems to me an extremely dangerous thing to do. If we do not listen to concerns about the pressures of population, the pressures on the housing market and the effects on the lower-paid, we are making a great and serious mistake. It is clear from the referendum results in individual areas that there was a very firm rejection of complete free movement of labour. This issue will not go away and will have to be addressed.

We are where we are. The question is, where do we go from here and what do we do about it? I welcome the unit that has been set up under the Chancellor of the Duchy of Lancaster. I hope he and his work will cut through some of the myths that have been accepted uncritically for far too long as conventional wisdom. Myth number one is that the single market has been of unique benefit to the UK. The noble Lord, Lord Birt, repeated that in his speech. But one ought to look at

the trade performance of countries that are not members of the EU, such as the United States and Australia, which have managed to increase their exports into the single market faster than we have. You do not have to be a member of the single market to benefit from it.

Another myth is that the UK has free access to the single market. As we pay a budget contribution equivalent to a 7% tariff on all the goods we sell, it is free only in the sense that someone who belongs to a golf club and does not have to pay for every round of golf has free golf: it just is not true. Then we are told that it is impossible to have access to the single market without accepting complete free movement of labour. I was concerned that the Foreign Secretary seemed to accept this. Look at the arrangement that Turkey has. Since 1996, Turkey has enjoyed tariff-free goods access to EU markets with no free movement of people. Turkey accepts the present EU external tariff—about 3%—and there is no restriction on Turkey-EU trade. The important point about the Turkish arrangement is that it avoids the rules of origin. If we set our own tariffs with the rest of the world outside the EU, we would have to accept clearance under the rules-of-origin arrangements, of which there are 9,000 different classifications. This is what Switzerland has to do and there are limits of 30% to 35% placed on the non-Swiss, non-EU content of Swiss goods going into the European Union. The beauty of what Turkey does is that it bypasses all the difficulties of rules of origin. I am not suggesting this should be the final solution or the final arrangement, but it could be an interim one.

Undoubtedly, we face economic challenges. There will be short-term difficulties but, in the medium term, I believe there will be new opportunities. I also believe that what will happen will not be nearly as dire as predicted. Brexit is part of a wider reaction against centralisation in Europe. The Global Attitudes survey released the other day showed that ever-closer union is now rejected by 73% of voters in Holland, 85% in Sweden, 86% in Greece, and 68%, 65% and 60% in Germany, Italy and France respectively. We are not alone. Things that have happened in this country are also beginning to stir in other European countries. Indeed, the impact of Brexit may well be greater on Europe than it is on Britain. We are not alone. The other day, the editor of the Italian newspaper *Libero* wrote: “The only true functioning democracy is the English one. The United Kingdom proved for the umpteenth time that it believes in the will of the people and that it knows how to respect it with elegance”. We should respect with elegance each other’s views and we should also respect, with elegance, the views of the people.

2.07 pm

Sitting suspended.

Airports: Runways

Question

2.30 pm

Asked by Lord Spicer

To ask Her Majesty’s Government what are their plans for the future development of runways at Gatwick and Stansted airports, in addition to their plans for Heathrow airport.

Viscount Younger of Leckie (Con): My Lords, the Airports Commission shortlisted three airport schemes in its interim report—two at Heathrow and one at Gatwick. The commission did not include a scheme at Stansted on its shortlist. The Government accepted the commission's shortlist in December and have since been undertaking a programme of further work to support a decision on a preferred scheme.

Lord Spicer (Con): My Lords, for one magical moment I thought I would get a substantive reply. But I quite understand that the Government are putting a brave face on an emerging crisis that could be made worse if we are heading towards a recession. Will my noble friend have a quiet word with his Secretary of State and ask him whether he will put the question of Heathrow direct to the Cabinet—because they might be so busy sorting themselves out that they might say yes? Failing that, will he accept that those of us who have taken an interest in this matter will add to our list of good causes Stansted and Gatwick? Those airports are now filling up and running out of space—and it is only 30 years ago that I turned the first sod for Stansted.

Viscount Younger of Leckie: My noble friend has been assiduous in beating the drum on this subject, and today is no exception. The Government are fully committed to delivering the important infrastructure projects they have set out—including runway capacity—on the timetable set out in the Airport Commission's report. My noble friend will know that my right honourable friend Patrick McLoughlin in the other place made a Statement on 30 June. I have no doubt he is in close touch with the Cabinet on this issue. He made it clear that he was not in a position to make a decision on airport capacity this summer.

Viscount Waverley (CB): My Lords, what guarantees have been received from Gatwick Airport that the current operational disruption and operational scheduling will be permanently resolved?

Viscount Younger of Leckie: On the question of Gatwick or Heathrow, the noble Viscount will know that three shortlisted schemes have been put forward—two at Heathrow and one at Gatwick. That continues to be the main focus. At some point an announcement will be made—but the Statement from the Secretary of State on 30 June was very clear.

Lord Clinton-Davis (Lab): When do the Government expect to make a decision on this issue? It has been delayed for so long, and every delay results in grievous loss to this country in world markets. What are the Government going to do about it?

Viscount Younger of Leckie: It is fair to say that the expression “long-running saga” can be redefined. On a serious note, the Government made it clear that rolling out the new runway was extremely important. In December 2013, the Airport Commission's report stated that the need was acute and that by 2030 we needed to address the capacity issue. Failing to address it could cost passengers £21 billion to £23 billion in

fare increases and delays, and £30 billion to £45 billion for the wider economy. I am unable to give a timetable at the moment, but the noble Lord will be aware that there are issues such as air quality that are being analysed at present.

Lord Tebbit (Con): My Lords, is it not clear that the Government cannot direct international airlines to which airport they will go? The alternative to Heathrow is not Gatwick, Stansted or Boris Island but Frankfurt, Schiphol and Paris.

Viscount Younger of Leckie: I am very aware that airports in Europe have been developing, but the transport network within the UK is exceptionally good, and we should always remember that. There is now a great opportunity—even more so after the result of the EU referendum—to spread ourselves more to markets abroad, and that is exactly what we are doing.

Baroness Randerson (LD): My Lords, BA operates the majority of Heathrow services. Recently, Willie Walsh stated that the costs of a third runway were prohibitive. He suggested, instead, that we look again at extending the existing northern runway, which the commission suggested was an option. Have the Government taken that into consideration or will they do so now, given the financial and economic emergency we now face as a country?

Viscount Younger of Leckie: I can confirm that there has been no change and that the three schemes remain on the table. We will continue to roll out this programme of looking at the schemes, including analysis on issues such as air quality. That is very important if one thinks about the number of employees at Heathrow and Gatwick: 70,000 at Heathrow. We must get these things right—which is why we are not yet at the stage where we can make a decision.

Baroness Smith of Basildon (Lab): My Lords, I know that the Minister is a naturally calm person, but he sounds rather complacent about the seriousness of this problem. We were told that the decision was delayed because of the election and the referendum. We are now told that because of the leadership campaign it cannot be announced. Does the Minister understand that British business is feeling very insecure and nervous and needs reassurances? If the Government cannot make a decision on this we will start to wonder whether they can make a decision on anything.

Viscount Younger of Leckie: Yes, I fully understand. I am sure the noble Baroness will agree that it is very important that such a major decision is made properly and with all the facts. We are not at that stage. I have already explained that there are matters of great importance that are being looked at, and I have laid them out. We must get this right.

Lord Trefgarne (Con): My Lords, does the outcome of the referendum have implications for the decision that my noble friend is telling us about?

Viscount Younger of Leckie: I refer my noble friend to the announcement made by my right honourable friend Patrick McLoughlin. He said:

“I had hoped that we would be able to announce a decision on airport capacity this summer. Clearly, any announcement on airport capacity would have to be made when the House was in session ... given recent events, I cannot now foresee that there will be an announcement until at least October”.—[*Official Report*, Commons, 30/6/16; col. 452.]

Lord McKenzie of Luton (Lab): My Lords, I draw attention to my interest in the register. I may have mentioned to the Minister's colleague the strong growth and expansion plans for London Luton Airport, which is just 22 minutes by train from London and serves some 23 million people within a two-hour travel time from the airport. Notwithstanding the Government's prevarication on Heathrow or Gatwick, will the Minister confirm their continued support for Luton's expansion and the funding which has been allocated?

Viscount Younger of Leckie: I can reassure the noble Lord that Luton, as well as other regional airports in the south-east, is very much being considered. I have already mentioned the three preferred schemes, but Stansted and Luton airports are incredibly important for providing a south-east hub with links to Europe and further abroad.

Public Health England: Alcohol Question

2.38 pm

Asked by Lord Brooke of Alverthorpe

To ask Her Majesty's Government when they expect Public Health England to publish its independent evidence-based report on alcohol.

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): My Lords, the evidence review is currently being peer reviewed and PHE will publish it later this year.

Lord Brooke of Alverthorpe (Lab): I am grateful to the Minister for that response and I look forward to the report. Is he aware that the latest statistics from the Health and Social Care Information Centre show that hospital admissions due to alcohol-related illnesses are continuing to rise and are now more than 1 million, that the number of deaths arising from alcohol continues to go up, and that the cost to the NHS of alcohol-related problems is more than £2.5 billion? Given the difficulties that the NHS faces in funding itself at the moment, given that the economy may slow down as a result of Brexit so that less funding is available and given that we heard today about the prospect of another doctors' strike, are the Government prepared to review the plan for the NHS to which the noble Lord so frequently refers? It may need to be changed completely, so what is plan B?

Lord Prior of Brampton: My Lords, that goes slightly beyond the Question on the Order Paper. The Government are committed between now and 2020 to putting £10 billion of new money in real terms into the NHS

and we have a plan to deliver on that. Clearly, if the economy changes to a great extent, we will have to keep that in mind.

Lord Shipley (LD): My Lords, the outside broadcast of the recent England v Wales football match showed alcohol marketing every 72 seconds. How does that help public health? Also, why do the Government permit the marketing of alcohol to reach audiences below the legal drinking age?

Lord Prior of Brampton: This is an important issue which the PHE review will take into account. That review should be published before the end of the year and I am sure that we will take action accordingly.

Lord Smith of Hindhead (Con): My Lords, I declare my interests as set out in the register. The UK has one of the lowest weekly recommended maximum alcohol intake amounts in Europe. For example, the Spanish recommended maximum weekly alcohol intake is more than double that of the UK. Does my noble friend have a view on whether he thinks our limit is too low or that other countries have theirs set too high?

Lord Prior of Brampton: My Lords, the CMO's guidelines are 14 units of alcohol per week, which is based on 67 different independent systematic reviews of what constitutes low-risk drinking. That is the best advice that we have available to us and it is entirely up to people whether they take it or not.

Lord Winston (Lab): My Lords, the Chief Medical Officer famously said recently, “When I reach for a glass of wine, I think of cancer”. Does the Minister seriously think that exaggerations of that kind actually help the public perception of alcohol or mean that as a consequence our experts are completely ignored?

Lord Prior of Brampton: My Lords, as I said earlier, I think that the CMO's guidelines are based on independent scientific advice. How that advice is communicated to the public is a different issue and the CMO is currently consulting on how we should express that scientific advice in ways that will have the maximum impact so that the public will take due notice of it.

The Lord Bishop of St Albans: My Lords, back in 2011 the Scottish Government passed legislation which meant that there was no financial advantage in multibuy alcohol purchases so that each can or whatever it was would be the same price. That has discouraged the bulk buying of alcohol and as a consequence has reduced levels of harmful drinking. Have Her Majesty's Government considered a similar law, and if not, why not?

Lord Prior of Brampton: I apologise to the right reverend Prelate, but I missed the first part of his question. He is perfectly entitled to repeat the question, or if not, perhaps I may write to him after this session of Question Time.

The Lord Bishop of St Albans: The legislation passed by the Scottish Government in 2011 means that there is no financial advantage in the bulk buying of alcohol; each can is the same price. That has discouraged people from buying large amounts of alcohol and has reduced the level of alcohol dependency.

Lord Prior of Brampton: I cannot plead that I did not hear the question again, but I am going to have to say that I do not know the answer, so I shall write to the right reverend Prelate later.

Lord Hunt of Kings Heath (Lab): My Lords, my understanding is that junior doctors have rejected the Government's final offer by 58% to 42%, which is quite a large majority. Will the noble Lord make a Statement tomorrow in your Lordships' House on the consequences of this?

On the issue of the limit of 14 units of alcohol per week, I looked at the Department of Health's website this morning and although it talks about the risks of alcohol, it does not actually specify the additional risks of, for instance, keeping the maximum units for men at 18 per week? The lay summary of the principal expert advice and research given to the Chief Medical Officer again does not quantify the risks. It states simply that there is a raised risk. Does the Minister accept that if we are not prepared to give the public the real facts, it is unlikely that the advice of the Chief Medical Officer will be taken seriously? I wonder if he can have a look at this.

Lord Prior of Brampton: On the first issue, I cannot commit to giving a Statement tomorrow—that depends on decisions elsewhere. Certainly, if there is a Statement in the House of Commons I would expect it to be repeated in this House. On the other issue, the Chief Medical Officer's guidelines are based on real facts. The last time the CMO issued guidelines was, I think, in 1995. Between then and now the scientific link between alcohol and cancer has changed, so she feels that it is right to put the facts into the public domain. As I said, we are consulting on how we word those guidelines to the public.

National Identity Cards *Question*

2.45 pm

Asked by Lord Campbell-Savours

To ask Her Majesty's Government what consideration is being given to the benefits of introducing national identity cards in the United Kingdom.

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, the Government have no plans to introduce identity cards for British citizens.

Lord Campbell-Savours (Lab): My Lords, with Brexit, increasing levels of immigration, concerns over international terrorism, personal security, fraud, voter

registration and access to public services, do not advances in biometric detail data collection now give us a new opportunity to consider introducing identity cards? We need them now. We need them urgently. I believe that the majority of the British people want them. The Liberal Democrats can no longer block them. So why not have a rethink?

Lord Keen of Elie: My Lords, the Government's focus is on enhancing the security of existing documents while at the same time recognising the direction of travel towards digital identities that may reduce the reliance on physical documents. Some 84% of UK citizens in this country hold a UK passport, the vast majority of which are biometric. Those who have immigration status in this country hold a biometric resident's permit. It is not appropriate to sweep this away in favour of identity cards.

Lord Marlesford (Con): My Lords, does my noble friend, given what he has just said about passports, recognise that in order to defend our borders it is essential that immigration officers are fully aware of who people are, and that other nationality passports held by a British passport holder should be revealed when the British passport is scanned? At the moment that is not the case. The Home Office has constantly resisted my attempts to get this introduced, largely because it does not like other people's ideas. Will he kindly see that something is done? Otherwise the Government will be failing in a big way in their responsibility to defend our sovereignty and borders.

Lord Keen of Elie: The Home Office is always open to new ideas.

Noble Lords: Oh!

Lord Keen of Elie: Thank you, my Lords. And it remains open. Be that as it may, our borders are open to those who carry a British passport. Since the time of Henry V, those who present a British passport have been entitled to enter this country.

Lord Paddick (LD): Noble Lords will have been appalled by the murder of 32 innocent people in Brussels in March at the hands of terrorists, in a country where the carrying of national identity cards is compulsory. Can the Minister say how identity cards would make us safer in the UK when they appear not to make people in Belgium any safer?

Lord Keen of Elie: As may be appreciated, the position of the Government is that they would not contemplate introducing identity cards at present. If they believed that their introduction would bring a material increase in security, their position would of course change.

Baroness Corston (Lab): Will the Minister be surprised to hear that when I was a Member in the other place, I held a consultation and conference on identity cards in my constituency? One of the responses that most

surprised people was from married women—most but not all from minority ethnic communities—who said that they had no access to their passports, that they did not have a bank card or a savings account and that they could not prove who they were. Indeed, some of them said that when they had become victims of domestic violence and had gone to Bristol City Council, they were told that they could not be rehoused because they could not prove who they were. They said to me: “If you allow me to have an identity card, I would be someone”. Have the Government thought about those issues?

Lord Keen of Elie: It is tragic to hear of victims of such intimidation and control, but I would observe that those who are the subject of such control are not likely to have access to their identity card any more than they do to their passport.

Baroness Kennedy of The Shaws (Lab): We have heard in the course of today’s debate about the rise in attacks against minorities. One thing that concerned minorities was that if you introduced an identity card it would open the door to harassment of people who speak a foreign tongue or with an accent, or you might have victimisation of people with a different colour of skin. There was a sense in which ID cards would create those sorts of problems for people from minorities. Does my noble friend agree that the answer to the issue she raised is to have better facilities for people who experience domestic violence and oppression within their communities and from their partners? That is the answer, not identity cards.

Lord Keen of Elie: The Government certainly agree that the answer is not the introduction of identity cards.

Baroness Sharples (Con): What is the estimated cost of identity cards?

Lord Keen of Elie: The estimated costs of following through on the original proposals, which began under consultation in 2003, were enacted in 2006 and implemented in 2009, were estimated in 2010 at just over £840 million.

Lord Rooker (Lab): I accept that the plans for ID cards got out of hand from when they started, at the time when I first went to the Home Office. But the Minister, as Home Office Minister, must know that this country is one of the easiest to work in illegally. That is one of the greatest pull factors for the merchants sometimes of death who traffic in people. Couple that with no ID card and it is money in the bank for these people. First we should stop it being made so easy to work illegally. That goes hand in glove with securing people’s identity. The two things should be done together.

Lord Keen of Elie: With respect, the introduction of the new Immigration Act stamped down on the scope of illegal working in this country. It is not considered appropriate that that should be combined with any system of identity cards.

Lord West of Spithead (Lab): My Lords, one of the main reasons to have the card is for a person to protect their identity and get access to all the things that can now be done digitally online. When I started the cybersecurity policy and we did all the work with the banks and stock exchanges, we found that it was best to have cards for individuals, with biometrics that can be used with computers—for people’s own security. All this other stuff about checking up on people and everything is a sideline as far as I am concerned. It is actually to save the identity and personal details of the individuals in this country and enable them to get digital access to all the new systems that are coming. The only way of doing that, as we found with the banks and stock exchanges, is to have some sort of card—calling it an identity card gets everyone terribly excited—that has biometrics on to let them do it safely.

Lord Keen of Elie: With respect, it would appear that matters have moved on because we are now in the realms of digital identification, where cards are not required. Indeed, the Government’s own site makes provision for digital identification.

Hate Crime Question

2.53 pm

Asked by Lord Rana

To ask Her Majesty’s Government, in the light of the reported increase in the incidence of hate speech against immigrants following the referendum on the United Kingdom’s membership of the European Union, what steps they are taking to tackle xenophobia and racist extremism.

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, the Government are committed to tackling hate crime. The United Kingdom has one of the strongest legislative frameworks in the world to tackle it. In terms of recent events, we are working across government, the police, including national community tensions teams, the Crown Prosecution Service and community partners to send out a clear message. Hate crime will not be tolerated and those who commit these reprehensible acts will face the full force of the law.

Lord Rana (CB): My Lords, I fear that many hate crimes have occurred against the backdrop of a campaign to which certain elements gave the stamp of racism. Did the Government make any preparations before the referendum for the rise in hate crime? Will the Minister agree that the status of EU citizens and other immigrants in this country must be assured?

Lord Keen of Elie: My Lords, the Government have implemented a series of educational programmes, including by the Anne Frank Trust and the Crown Prosecution Service, which have received the support of the National Union of Teachers. It is close by this

[LORD KEEN OF ELIE]

afternoon, I believe. In the circumstances, we have taken steps to address this issue. In addition, a cross-government hate crime action plan is to be published imminently. This will drive forward our proposals to deal with all forms of hate crime.

Lord Bilimoria (CB): My Lords, I came to this country from India as a 19 year-old in the 1980s. At the time of the referendum, I received this tweet: “You are not British-born, so your input into the vote of the true Brits is not required and of no interest to true workers”. Last weekend, a member of our team for 16 years who is from abroad, with an English husband, went to hospital with a broken, bloodied finger and was told by somebody waiting next to her, “You are a burden on this country”. What is going on? Will the Minister and the Government acknowledge that this wretched referendum has caused this? Are the Government really doing enough to address something which I have not witnessed in any way for 30 years, but am now witnessing?

Lord Keen of Elie: No matter what may divide us, we are united in this country by shared values of democracy, free speech, mutual respect and opportunity. If we maintain these standards, we can drive out the criminals who would perpetrate the sort of crimes that the noble Lord has referred to.

Lord Rosser (Lab): My Lords, if there had been no split on Europe within the Conservative Party, there would have been no Conservative Party referendum. If there had been no Conservative Party referendum, there would have been no significant rise in hate crime. Will the Government now at least do the decent thing and accept that what is happening today is because party interest was put in front of national interest? Can the Minister tell us what specific new initiatives or decisions—as opposed to discussions, messages and plans—the Government have taken since the referendum campaign to address the serious and damaging situation they have helped to create?

Lord Keen of Elie: With respect to the noble Lord, it is not appropriate to seek to draw a line between the referendum result and those who have taken it as an opportunity to express xenophobia and racist positions. I think it is obvious to all that the vote in the referendum can be attributed to a split in the Labour Party and not to a split in the Conservative Party.

Baroness Hussein-Ece (LD): My Lords, there has been a fivefold increase—500%—in reported hate crime. As we know, the majority of these incidents are not reported. I have been abused online. In the last fortnight, since Brexit, members of my family and people I know, of all colours, races and religions—and of no religion or faith—have been subjected to this. Will the Minister support the initiative by a national coalition of race equality groups, including the Runnymede Trust? These groups have come together to ask for leadership and solidarity from all politicians around this House and in the other place and from the media

to reject racism and hate crime and to stop pandering to intolerance. We should have zero tolerance of this kind of behaviour in this country.

Lord Keen of Elie: I agree with the noble Baroness that we, on all sides of this House, are ready to condemn racism and xenophobia. We have a common interest and a common outlook in so far as this is concerned. With regard to the increase in reported race hate crime, there have been significant increases in the period 2010 to 2016, but one must be careful of these statistics because much of the increase is attributed to the fact that we have introduced a better reporting system, including the reporting portal, True Vision.

Lord Tebbit (Con): My Lords, would it not be a good idea if we all took Her Majesty the Queen's advice and just calmed down a little?

Lord Keen of Elie: Yes.

Lord Harris of Haringey (Lab): My Lords, it is not simply a question of the referendum campaign making xenophobia and racism respectable again; this is also the responsibility of the Minister's right honourable friends in the other place who have consistently pandered to this in exactly the same way—for example, the right honourable Theresa May and the campaigns run by the Home Office against illegal immigrants. The Prime Minister's intervention in the mayoral election in London, talking about extremists, was all part of the same picture. Is there not a pattern which has led to this increase in xenophobic incidents in the last few weeks?

Lord Keen of Elie: With respect to the noble Lord, nothing makes xenophobia and racism respectable, least of all the referendum.

Teachers' Strike Statement

3 pm

The Parliamentary Under-Secretary of State, Department for Education (Lord Nash) (Con): My Lords, with the leave of the House, I would like to repeat an Answer to an Urgent Question given in the other place by the Minister of State for Schools earlier in relation to the NUT strike today. The Statement is as follows.

“There is absolutely no justification for this strike. The NUT asked for talks, and we are having talks. Since May, the Department for Education has been engaged in a new programme of talks with the major teaching unions, including the NUT, focused on all the concerns raised during this strike. Even before then we were engaged in round-table discussions with the trade unions and both the Secretary of State and I meet the trade union leaders regularly to discuss their concerns. This strike is politically motivated and has nothing to do with raising standards in education. In the words of Deborah Lawson, the general secretary of the non-striking teacher union, Voice, today's strike is a, ‘futile and politically motivated gesture’.

Kevin Courtney, the acting general secretary of the NUT, in his letter to the Secretary of State on 28 June made it clear that the strike was about school funding and teacher pay and conditions. Yet this year's school budget is greater than in any previous year, at £40 billion, some £4 billion higher than in 2011-12. At a time when other areas of public spending have been significantly reduced, the Government have shown their commitment to education by protecting school funding.

We want to work with the profession and with the teacher unions, as we have been doing successfully in our joint endeavour to reduce unnecessary teacher workload. With 15,000 more teachers in the profession than in 2010, teaching remains one of the most popular and attractive professions in which to work.

This industrial action by the NUT is pointless, but it is far from inconsequential. It disrupts children's education, inconveniences parents and damages the profession's reputation in the eyes of the public. But because of the dedication of the vast majority of teachers and head teachers, our analysis shows that seven out of eight schools are refusing to close.

Our school workforce is, and must remain, a respected profession suitable for the 21st century, but this action is seeking to take the profession back, in public perception, to the tired and dated disputes of the 20th century. But most importantly, this strike does not have a democratic mandate from a majority even of NUT members. It is based on a ballot for which the turnout was just 24.5%, representing fewer than 10% of the total teacher workforce.

Our ground-breaking education reforms are improving pupil outcomes, challenging low expectations and poor pupil behaviour in schools and increasing the prestige of the teaching profession. This anachronistic and unnecessary strike is a march back into a past that nobody wants our schools to revisit".

3.03 pm

Lord Watson of Invergowrie (Lab): My Lords, I thank the noble Lord for repeating the Statement in which it was said that today's strike was politically motivated. Frankly, that is beyond irony from a Government who in March launched a White Paper that was driven first and foremost by political ideology aimed at forcing children into an educational straitjacket while excluding parents, governors and local authorities from the process, so I do not think that we need any lessons on our political motivation.

An hour ago outside Parliament, I met some of the teachers, who feel that they had no alternative but to take strike action because they are faced with a Government who will not acknowledge their concerns, such as teaching posts being cut or not filled when staff leave, growing class sizes and an ever-increasing workload that is contributing to major problems with staff retention. The Secretary of State herself said that there will be no real-terms cuts in school budgets, yet the Institute for Fiscal Studies has calculated that there will, in fact, be an 8% cut per pupil in the year ahead. When will the Minister address these existential issues that are threatening the quality of the education that is so essential to our children's future?

Lord Nash: I note that the noble Lord met with some of the 9.4% of teachers who have called this strike. I am personally saddened by the strike. We would like to promote teaching as a profession, but there is no doubt that the reputation of teachers is harmed by this strike—or at least the reputation of the 90.6% who did not vote for the strike is affected by the 9.4% who did.

On funding, we have protected the schools budget and the pupil premium. We have substantial resources available through the Education Funding Agency financial toolkits and benchmarking information. A great deal of advice is on offer to help schools with the challenges facing a lot of people resulting from higher pension costs, national insurance et cetera. Multi-academy trusts are particularly well placed to do this and many of them are very effective in this regard. Outwood Grange, one of our most highly performing multi-academy trusts, has a system called curriculum-led financial planning, which uses sophisticated, bottom-up modelling to make sure that resources are focused on the front line. They make this available free to other MATs and schools and it is proving particularly effective in improving resources for teachers.

Lord Storey (LD): My Lords, it is a sad day for education when teachers feel that they need to strike. It must not be ignored that those hit hardest by this strike will be the pupils and students, who miss out on part of their education, and low-income parents, who do not have the disposable income to pay for childcare on a whim. The Minister has said that these strikes are unnecessary, as the schools budget is the highest that it has ever been. However, by doing this he is steadfastly refusing to acknowledge the dire financial situation that many schools now face.

The noble Lord, Lord Nash, stated in a Written Answer to me on 9 May that the on-costs of teachers' salaries have risen by 25.4%. On 25 May, he proceeded to reiterate the Government's promise from the spending review that they would protect the core schools budget in real terms during this Parliament. Why is it then that the Institute for Fiscal Studies forecasts that school spending per pupil is going to fall by 8% in real terms by 2020? Does the Minister deny that figure? Whether he agrees with the figure or not, the Government need to recognise that, with on-costs and other factors, schools are facing real cuts to spending. Will the Minister therefore explain how he intends to keep the promise made in the spending review?

Lord Nash: I entirely recognise the figure. As I have said, many schools and organisations are facing this kind of increasing on-cost—everybody is. We live in a climate of scarce resources. However, as I have attempted to explain, there are many resources available to schools to improve their budgeting. Schools are facing pressures on their budgets that, for many of them, are far greater than they have ever faced. Most school leaders have been brought up in a climate of ever-increasing income and they have never really had to go back to a bottom-up modelling of their schools. When they do that, they find significant savings and it results in money actually being spent where they want it—rather than what is often happening in a lot of schools where

[LORD NASH]

sometimes the budgets have grown like Topsy. We are finding much more effective financial modelling in schools now and this is resulting in a much greater focus of resources into the classroom.

Lord Grocott (Lab): The Minister was complaining that the teachers had a democratic mandate of just 9.4%. Will he tell the House what his democratic mandate is?

Lord Nash: It is a lot higher than that. A turnout of 50%—as required by our new legislation—would be needed before this could be taken seriously.

Outcome of the European Union Referendum

Motion to Take Note (Continued)

3.09 pm

Lord Dobbs (Con): My Lords, the referendum campaign on both sides was appalling. It verged on abuse. The people of this country deserve better and as a political class, we owe them a profound apology. Divisions inevitably linger and perhaps some are in danger of growing, particularly on immigration. I spoke a few words yesterday and, with your leave, will speak a few more today.

We condemn the outbursts of intolerance—of course we do. However, much of the blame rests squarely on the shoulders of a political establishment that, for 20 years, has chosen largely to ignore the problem. The left shouted down anyone who wanted to discuss the issue, accusing them of being racist while we on the right offered up glib, implausible promises. How did we, as Conservatives, expect ordinary people to react when at one moment we promised to reduce immigration to tens, not hundreds of thousands—no ifs or buts—and only a year later delivered a net total in a single year of 330,000? We share the blame.

I wept when I saw that dreadful referendum poster of refugees. Is it their fault? No, it is not theirs. The fault lies with us. We have been sleeping comfortably with our consciences and have slept too long. As a result, today millions of people who are legally and properly settled in Britain are afraid, uncertain of what we might do with them and to them. They do not deserve such uncertainty. At times politics requires us to climb into bed with some pretty uncomfortable bedfellows. In the case of vote leave, dare I suggest that some of my fellow campaigners forgot to take off their boots?

This referendum was about freedoms and tolerance, not just for a few but for us all. It was about the British sense of fair play and flexibility—nothing to do with racist bullying and kicking out minorities. It was about moving forward, not about retreating to dark old days of an island surrounded by stormy seas. Above all, it was about respect—respect for the wishes of the people, which requires respect for others, no matter what their origins, their colour or their accents. Yesterday the Government said that it would be unwise to offer assurances to immigrants already here without parallel

assurances from other European Governments. What are they saying? Is offering assurances unwise? No, it is far from it. It would be an act of humanity, of friendship and of leadership. After all, what was Brexit about if not establishing a sovereign independent Government capable of making up their own mind? We do not need anybody else's permission. Those days are gone. It is our choice, so I want to press the Government and all those who have ambition to lead the Government for clear assurances that EU immigrants already living lawfully in this country need have no fears. They are welcome and will continue to be.

What are we to have, for pity's sake? Are we to have mass transportations like we have seen in the Balkans, with vast lines of mothers, bewildered babes in arms, crossing the Channel in different directions? That is the way of madness. It is worth repeating that these people are not bargaining chips, least of all hostages. They are our neighbours and our friends. We Conservatives are not, dare I say it, the nasty party and we must not become one. Any future Government who tried to introduce legislation to send back legally settled immigrants would be out of their mind and soon be out of office—otherwise we would lose our sense of decency. We would lose the superb support that we enjoy in our health service, in our care services, in the contributions we get in every street of every town in every corner of the country—and not least, the superb service we get in our own dining room. Ministers please take note: it is not going to happen; get on with it.

What will happen? It is no one's interest that we should be cut off from the EU. We are, and still will be, all of us, Europeans. There is no reason why that relationship should not be warm and productive, but I urge the EU in its own interests to find a better means of dealing with this crisis than through its unelected president. I do not wish to personalise this, but if it had not been for President Juncker's conduct and exquisitely clumsy commentaries—he has been at it again today—I think that remain would have won.

This will and must be a political process, balancing the rights of the UK and the rights of the EU—a process that requires vision and is run not by bureaucracy but by elected politicians, those who can feel the hot breath of the people on their necks. That means above all Frau Merkel, who, more than any other person, holds the future of Europe in her hands. I would say this to her if I could. If not union, then alliance. If not as one, then at least together. If we are no longer bound by law, then let us be bound by bonds of overwhelming friendship. We have a mountain to climb, but the view from the summit might yet prove awesome.

3.16 pm

Lord Giddens (Lab): My Lords, it is a great pleasure to follow the speech of the noble Lord, Lord Dobbs, and I 100% endorse what he said—at least in the first half of his speech. We must all work on these issues.

My starting point is a bit different from that of most other noble Lords who have spoken so far, whose contributions, if I may say so, have been a bit local. One cannot stress too strongly that what is happening in the aftermath of the referendum is being watched

around the globe. A country as heavily dependent as ours on overseas investment should be paying due attention.

Not too many articles in the world's press, to put it mildly, see a plucky Britain struggling through from the tentacled monster that is the European Union. Truth is often conveyed in humour, as the noble Lord, Lord Dobbs, knows very well. A cartoon that has appeared in many papers is typical. It shows a plane with an EU symbol on its side. The hatch door is open and a man in a bowler hat—for some reason, the rest of the world thinks that the British still wear bowler hats—and waving a tiny union jack is poised to jump out, but without a parachute.

This is a world where the global and the personal are intimately bound up with one another, and I must add my experience to those mentioned by other noble Lords. I was walking along the corridor of your Lordships' House yesterday and bumped into a member of the House of Lords staff whom I know very well. We started talking about football, and then his face crumpled and he said, "I was brought here when I was seven. I have been here for 35 years. What will happen to me? What can I do?". I therefore wholly echo the sentiments mentioned in the wonderful speech of the most reverend Primate the Archbishop of Canterbury and all the other speakers, including the noble Lord, Lord Lawson, on this issue. There is a huge repair job to do here for all of us and this House can take the lead in some of it.

The metaphor of Basil Fawlty jumping out of the plane might turn out to be worryingly accurate. The outcome of the referendum will be determined by two things once Article 50 is invoked: first, how other nations, global markets and international investors respond; secondly, what kind of deal the rest of the European Union is able to come up with. I remind noble Lords that the European Union is not that mysterious entity, Brussels, but 28 nations collaborating. Individual member states, or small groups of them, have a veto over many issues. Being subject to these twin forces if and when the UK leaves the EU does not look much like increased sovereignty to me. The world today is so massively interdependent that real sovereignty comes only from collaboration with others, whether it is the EU, NATO or the UN.

All noble Lords sitting here know that this referendum, as has been discussed this morning, had an unhappy provenance and was to do with muting squabbles inside the Tory party in the run-up to the last election. However, it is important to see what was going on. At the time Mr Cameron made the commitment, early in 2013, less than 10% of voters put the EU at the top of their main preoccupations. A decision of this significance should have emanated from widespread public concern rather than from factional party rivalries.

The referendum, as we all know, has not quietened divisions in this country. On the contrary, it has served to heighten them. One of the fundamental problems we face, as we all know, is that those who advocated leaving the EU, and won the day, have been quite unable to agree on what leave actually means. Their differences are quite profound. They were not resolved during the campaign but simply fudged.

On the one side are the radical free marketeers—in which category I think I would include the noble Lord, Lord Lawson—who think that exiting the EU will free Britain to trade across the world and who are willing to abandon the single market altogether. Although I may not be correct to, I exempt the noble Lord, Lord Lawson, from my next comment, which is that they care little for tradition or for the past. In addition, many are intuitively pro-migration, which he certainly would not agree with.

On the other side are those who have a nostalgia for evaporating customs and ways of life, who want to close the borders and retrieve lost sovereignty. They are hostile to big business and claim to stand up for the common people. These yawning ideological differences account for the descent of the leave campaign into empty populism, epitomised by Boris Johnson's absurd remark that in negotiations with the rest of the EU he wanted to have his cake and eat it. I suppose it makes it easy on the digestion.

The British people can make a proper judgment only when there is a plausible plan on the table, a firm outline of which has been agreed and accepted by the other 27 states in the EU. The core dilemma involved is well known, but could quite possibly prove intractable. Not far off half of British exports go to the rest of the EU, and most are services rather than goods. Again, I rather strongly disagree with what the noble Lord, Lord Lawson, said on these issues, because passporting—the absence of regulatory barriers for business firms—is the key to success in this instance. That is not the same as the absence of tariffs.

Exiting the single market, even in the medium term, would be hugely problematic, yet staying in almost certainly involves accepting freedom of movement. If there is a way out of this dilemma, no one has discovered it yet. Precisely because there is no plan, there must be some sort of renewed and extensive public engagement, if and when a deal is agreed with the rest of the EU and starts its passage through Parliament. I am not sure in my own mind what form this should take, but I would not write off the possibility of another referendum down the line, or an election in which this figures as the prime issue.

3.24 pm

Baroness Manzoor (LD): My Lords, the tone adopted by some leading politicians at times during the referendum debate was nothing short of racial incitement to hatred, and demonstrated the worst of British politics. I was so dismayed and concerned by the tone and exaggerations of the debate that I wrote to the Cabinet Secretary, Sir Jeremy Heywood, on 13 June drawing his attention to the fact that some Ministers were failing to comply with the Ministerial Code and the seven principles of public life, which include maintaining the highest standards of integrity and honesty. Despite the scaremongering about minority groups, immigrants, Turkey joining the EU and Turkish Muslims "swamping" the UK, we must not confuse the leave vote with people who are entirely far right in their political views or who are mostly racist or xenophobic.

I agree with my colleague, Tim Farron, who stated that it has been absolutely heart-breaking to see the spike in racist and xenophobic attacks following the

[BARONESS MANZOOR]

referendum. Many warned that the rhetoric of Farage and the leave campaign could lead to a rise in the intolerance we are now seeing. We must be clear that the outcome of the referendum was not a green light to xenophobia. It must not be allowed to damage the multicultural, multi-ethnic and multifaith society that Britain is and will remain. The vote to leave the EU is not, and should not be seen as, a victory for the far right. No serious leader should fall back to regressive policies that demonise minorities or communities, or put in place policies which undermine our civil liberties.

The tone used in debates around immigration was disgraceful, and those politicians who took part in such attacks should hang their heads in disgrace. It is imperative now that all politicians give clear leadership in uniting and condemning racism and xenophobia, and work towards stressing the importance of the key roles that EU nationals play in making Britain—the UK—a success in every aspect of our daily lives. We are all, mostly, a nation of immigrants; it is merely a question of time.

I accept that there are legitimate questions and concerns about the state of our public sector and the services within it. I will share some facts with your Lordships on polling, which were thus: those working full-time or part-time voted to remain in the EU. Most of those not working voted to leave. More than half of those retired on a private pension voted to leave, as did two-thirds of those retired on a state pension. Around two-thirds of council and housing association tenants voted to leave. Among those whose formal education ended at secondary school or earlier, a large majority voted to leave. There is a pattern here and the polls demonstrate that many disadvantaged people in poorer communities voted to leave the EU because—I have heard them say this—they had nothing more to lose.

David Cameron has often expressed a simple message: “If you want to work hard and get on in life, this Government will be on your side”. Yet the terrible tax credit cuts envisaged by the Chancellor, which would have affected over 3 million Britons and their supplements to low-paid work, exposed the hollowness of this claim. Although the Chancellor reversed these cuts, when people move onto universal credit, regrettably, many of the larger and poorer families will again be disadvantaged. Yesterday, it was announced that there would be a cut in corporation tax. This is likely to mostly benefit larger businesses and corporations. Those benefits are not likely to translate into many more jobs, and so will do little for those needing help and support in disadvantaged communities. Indeed, cuts in corporation tax may lead to further cuts in public spending, such as in the NHS and in the welfare budget, as the Chancellor tries to make difficult ends meet.

Clearly, successive Governments have failed to listen, and act upon, improving the lives of the most disadvantaged and vulnerable in our society. You have only to visit places in the north of England to see derelict housing, poor transport infrastructure and struggling communities. Governments have talked the talk, but talk and slogans have not translated into concerted action; the northern powerhouse is one such example. Of course, many people have legitimate

concerns about access to hospitals, GPs, good schools, good transport infrastructure and affordable housing, and to decently paid, permanent jobs. But the poor and the disadvantaged feel these issues more acutely, because they often find themselves and their families trapped in low-paid jobs and inadequate and expensive housing, with greater levels of ill health. Social justice and reform must work for everyone, and ensuring that everyone has the best chance in life must surely be a right for all, and not a right for only the privileged or those with power and influence.

The result of the referendum to leave the EU is likely to mean that inflation rises and that benefits continue to be frozen. This will hit the spending power of people on disability benefits, those who are jobseekers and those on low pay. Brexit-voting pensioners have already seen their annuity values crashing with the flight into gilts. Clearly, the disadvantaged people in every area who voted out will be worst hit by job losses and high inflation. What will the Government do to mitigate against this?

The Government have set out their life chances strategy to tackle poverty, aimed at transforming the lives of the poorest in Britain, with a focus on tackling the root causes of poverty, family breakdown, worklessness, drug and alcohol addiction, serious personal debt and assessing educational attainment at 16 years of age. But they omitted to include income as a means of getting on in life. The Government also need to look at reskilling and upskilling people in poorly paid and part-time jobs.

We need a new and inclusive vision, with new and honest politics that give hope to all in our nation—but most importantly to those who need us the most. We want an inclusive, tolerant, equal and fair society, committed to a new set of values of fairness and hope.

Earl Attlee (Con): The noble Baroness made a fascinating speech, and I am sure that the House was very interested—but where did she get the data to say which way individual voters voted?

Baroness Manzoor: My Lords, they were from polls that Lord Ashcroft undertook, and they were mentioned in the *Guardian* newspaper as well.

3.32 pm

Lord Kerr of Kinlochard (CB): I very much agree with the noble Baroness’s main theme and, like the noble Lord, Lord Giddens, I pay tribute to the remarkable speech of the right reverend Primate the Archbishop of Canterbury. I cannot match it and therefore will be more mundane in making six points about Article 50.

First, the reference in the first clause of Article 50 to the member state deciding,

“in accordance with its own constitutional requirements”,

has been much discussed, including by the noble and learned Lord, Lord Wallace, this morning. The intention of the phrase was simply to make the point that how the decision is reached is entirely a matter for the member state; just as with ratification procedures, there is no EU template. The question of whether a UK parliamentary procedure is required is one for a

UK Parliament and nothing to do with anybody in Brussels. There is no relevant EU law; it is not an EU issue.

I am inclined to agree with the argument of the noble Lord, Lord Pannick, although I am not a lawyer, that there should be a parliamentary procedure. But that is not because I would wish to vote against leaving if there were a vote here. We are where we are and, in the light of the referendum result, I would with a heavy heart vote for leaving. Of course, I believe that it is a serious mistake as our influence across the world will be much diminished. Of course it would be a disaster for our economy and lead to a decade of economic and political uncertainty, as Mrs Leadsom so succinctly put it. Of course, I am also sad and angry that the case against referenda, and for representative democracy, has been confirmed by a campaign marked by mendacity and irresponsibility, in which assertion has trumped—yes, trumped—fact and argument, and in which a Justice Minister said that the people of the country were fed up with experts. I am determined to be dispassionate today. We are where we are and if the Government act on the advice of the noble Lord, Lord Pannick, and put a resolution to the House empowering it to revoke Article 50, I believe that resolution should and would pass.

My second point is that there are those who argue for a different question: for the repeal of the 1972 Act, as the noble Lord, Lord Lawson, argued. I disagree for two reasons. First, my understanding, supported by the report from the committee chaired by the noble Lord, Lord Boswell, is that where a treaty sets out an abrogation procedure—in this case, a secession procedure—abrogation other than by that procedure would break international law as well as EU law. It would, of course, also poison the atmosphere for any continuing negotiation in Brussels. Secondly, although I heard the reference made by the noble Lord, Lord Lawson, to delayed commencement, I do not believe that it would make sense to destroy the foundation on which so much law and so many statutory instruments are based without first deciding which to relabel and retain, which to adjust and which to let fall, as he mentioned. While the small-state, anti-welfare libertarians skilfully avoided saying which they would let fall—health and safety, consumer protection, equality, the environment?—we know that they were not just against Brussels regulation; some of them were against regulation per se. That is easy to sell in general terms but rather harder to sell when it comes down to specific regulations, so we need a more honest and deeper debate before the repeal of the Act.

My third point is about timing. Some in Brussels and some here say that we must immediately press the Article 50 button, while some over there say that there must be no talks with us until we have. This is arrant nonsense. There is no legal basis for it in Article 50, which leaves it entirely up to the member state to decide when to issue the formal notification. It would be very wise for the new Prime Minister, whoever she is, to take time first to study the issues and talk to her new colleagues. Mr Johnson complains that the Government have no Brexit plan. How could they have a Brexit plan when he issued no manifesto on which Whitehall could base its planning? Judging by

his article last week in the *Telegraph*, he is still consistent about his policy on cake: our goods are to have free access throughout the single market but we will not recognise the jurisdiction of the ECJ.; we will play football but bring our own referee; our people will be free to live and work across Europe, but theirs will come here only if they satisfy the controls of our points-based visa system. That is Lewis Carroll's White Queen and her six impossible things before breakfast.

We need a plan but Brussels will have to wait until we have one, and it must not be based on *Daily Mail* thinking. Mr Paul Dacre told the country in his leader last Saturday—he was no longer campaigning, as he has won—that Brexit carried no terrors because services are not in the single market. I think I have been unfair to Mr Dacre. I had thought his campaign was driven by an insular ideology, but I now think it is probably just plain ignorance—I am being dispassionate today. My dispassionate point is that the timing of our triggering Article 50 is entirely up to us, whatever Brussels says.

My fourth point is about sequencing. Article 50 is about withdrawal, about divorce. Some in Brussels assert, wrongly, that there can be no trade talks with us until the divorce is through. I refer them to Article 50(2) and the reference there to,

“taking account of the framework for”,

the seceding state's,

“future relationship with the Union”.

How could the parties to the treaty respect that unless they were in parallel agreeing such a framework, the architecture of the future and the principles on which the new partnership should be based? All the detailed discussion of future relations in trade, finance, energy, aviation, foreign policy and the fight against crime will take years, but there is a treaty requirement to establish the framework before the Article 50 divorce terms are agreed. The Brussels institutions will have to accept that. I would add that our own preparations for that separate, parallel, simultaneous negotiation will be much more complex than the preparations for the Article 50 negotiations.

The fifth point is one at which I part company with the noble Lord, Lord Pannick. In his *Times* article he referred to a notification under Article 50 as “irrevocable”. He used that as a flying buttress to support his principal argument, with which I agree, about the need for a prior Act of Parliament. I do not think he needs such a buttress. I also think it is a rather fragile one. Nothing in the treaty says that a notification cannot be withdrawn, nor does it say the opposite. There is no precedent to turn to, so it would be a political question. If we were to change our minds on discovering from the Article 50 and framework negotiations what out looks like, I do not believe that our partners would say, “Too late, out you must go”. Some might, like the prodigal son's brother, be unhappy. Some might be tempted to seek a price. All that is speculative. My point, which is highly academic now but relevant to the concerns advanced by the noble Lord, Lord Butler of Brockwell, is simply that there is no treaty basis for regarding an Article 50 notification as irrevocable.

My last point has already been made and I can be brief. It gives me great pleasure to pay tribute to the noble Lord, Lord Dobbs, for the way he put it:

[LORD KERR OF KINLOCHARD]

“EU citizens here, hate crime and bargaining chips—this is no way to create a good atmosphere for a negotiation”. Such incidents are being well reported across the continental press. I do not need to add to what has been eloquently said from all sides of the House, but I hope that the Foreign Secretary and the Home Secretary are listening and will reflect again on what they said yesterday. Student politics may have trashed the country but now it is time for the grown-ups to reassert themselves, reassert our values and restore our reputation.

3.41 pm

Lord Lloyd-Webber (Con): My Lords, in 1997 I stood before you to deliver my maiden speech. My priority then was to draw your attention to the ludicrous EU regulations that were inflating the cost of theatre productions in mainland Europe and almost doubling ticket prices as a consequence.

Today, thanks to us being forced to adopt some of these regulations, our ticket prices are unfortunately creeping up, too. Yet, while EU practices have undoubtedly caused great problems for the entire entertainment industry, I am not here today to burden you with further industry-specific tales of woe. These, with almost every other issue, pale into insignificance when compared to what I believe to be the greatest threat to our people for a generation.

This is undoubtedly a time of great uncertainty for our country. The issues being discussed are of immense importance, particularly those so eloquently raised by the most reverend Primate the Archbishop of Canterbury earlier in this debate. However, I fear that, as we continue to look in on ourselves—as we continue to work out what has happened to our country since the referendum—we are at the same time walking blindly into a threat, the gravity of which far surpasses any of the issues that we have indulged ourselves in to date.

Let us not forget that last week’s commemoration of the Battle of the Somme—where more than 57,000 British servicemen forfeited their lives—was a timely reminder of a moment when the continent of Europe and its people were jeopardised for a generation.

Today, I believe that Europe is once again facing a terrible threat and, with that threat, the security of the continent is in the balance. The greatest single threat to peace, in both the United Kingdom and Europe—and with it our stability and safety—is Putin’s unopposed meddling in Syria. While the Syrian situation was, of course, not created by President Putin, his actions and involvement remain a cause for huge concern.

Over the past six months, Russian bombs have decimated hospitals, schools, markets and homes in Syria. They killed more than 4,000 people between September 2015 and early March this year. Russia’s actions have displaced millions more and, in doing so, have played an active role in fuelling the European migrant crisis.

While the United Kingdom and Europe feign to quarrel over what sort of trade agreements we may or may not have in two, three or 10 years’ time, Putin’s involvement is steadily destabilising our European borders and unleashing the fury of war in a sinister echo of the Somme, about which we swore, “Never again”.

We should be under no illusion that Putin’s forces rage—and they rage not just against those in combat but against civilians, too.

When the referendum was called, the Syrian migration crisis had not yet exploded. Now the goalposts have moved, and they continue to move all around Europe in many different ways. The frozen conflicts in Ukraine, Moldova and Georgia, as well as the direct armed intervention in Syria and aerial provocations to NATO members, demand that we recognise the Moscow regime as being a huge threat to the stability and security of Europe. It is Putin who continues to move the goal posts, with ever more devastating consequences.

While we immerse ourselves in the aftermath of a referendum and the rest of Europe looks on, trying to make sense of our decision, Putin carries on his airstrikes in support of a discredited Assad regime. Our parents’ generation sacrificed their lives for peace; now is the time to ensure that we are trustworthy custodians of that inheritance. So I shudder to think how Putin must be looking on our travails with glee. By fuelling the migrant crisis and commanding the atrocities of war, he has, directly or indirectly, made historic European divisions bubble to the surface again. Things are working out well for him. He knew that the refugee crisis would strain Europe to breaking point and he was right.

In quitting Europe, I fear that we are hastening Putin’s dream of the break-up of the EU—and with it, potentially, western civilization. Austria recently missed electing an extreme right-wing President, and I understand that the election is to be rerun; Marine Le Pen could become President of France next year; the far right has made advances in Norway and Finland; nationalists run Poland, Hungary and Slovakia; the Putin-fuelled refugee crisis has undermined Angela Merkel, once the most powerful and stable politician in Europe; and the German far right is back in business.

So now, more than ever, we must stand united, as a country and as a continent, to honour our reputation as a great kingdom and provide the moderating voice that Europe needs in order to remain peaceful. I just hope that in five years’ time we will not look back with incredulity at the way in which we wallowed in self-serving arguments about our economic prospects and how to better ourselves financially, while failing to help those in desperate need and completely missing one of the greatest threats of our lifetime looming ominously on the horizon. Our nation’s safety and that of our people has to be our overriding priority.

Discussions about the future of our children and our children’s children are foolhardy and misguided if first we have not addressed their safety. There was much talk during the referendum of securing their future, but they will have no future if Putin’s continued involvement remains unchecked. Instead, we need to seize the initiative and to quickly see ourselves as a nation that looks outwards, geared towards being united against this very real danger, and as the generation who, like our parents before us, pulled together despite the mayhem that surrounds us.

I very much welcome the Defence Committee’s report regarding the Russian threat to UK security today. It rightly questions our understanding of a Russian military strategy and Putin’s ultimate ambitions,

and it expresses a fear that he is employing many of the old Soviet tactics that so terrorised generations before us. The committee's call for improved communication and greater understanding of the Russian mindset is also vital.

By contrast, the inflammatory tone of some of the spokespeople in Brussels fills me with a mounting sense of dread. It fills me with dread because now more than ever we need to build bridges and the next Prime Minister needs to restore faith, trust and good will between this country and our European neighbours. Without that, we have nothing, and I fear that we will leave ourselves and our children open to an insecure and consequently frightening future.

I honestly believe that we are in a race against time, which is why I feel compelled to speak today with a very real sense of urgency. There is no time to lose. Although I do not claim to have the answers, raising this vital question in order that we tackle it head-on, united together, is surely the best way to avoid a situation that has the potential to be truly perilous not just for our people and not just for our country but for Europe at large.

3.48 pm

Lord Brennan (Lab): My Lords, the present state of affairs constitutes a major challenge to the political system of our country—a challenge with which we in this House have to cope. What is now to come and how should we deal with it?

First, I commend to the House many of the speeches today that have given us a role with a special responsibility: to help restore confidence in our political system. The front page of last Friday's *Economist* carried the words "Anarchy in the UK". I read a lot of the continental press every day of the week and over the last seven to 10 days have seen similar headlines, quite apart from a degree of consternation within our own country. The House of Lords, with its experience, expertise and capacity for calm, reasoned debate, is very necessary at the moment, particularly if the Government, because of their election of a leader, do not institute significant action until September. We have a short-term and a long-term obligation.

All of us in the political system should reassure people of our principles and process. I suspect many of those who voted leave did so because of their resentment and not for their appreciation of one side or the other. Many who voted to stay are deeply regretful of the result. They will all need to be reassured now about objectives, process, timing and alternative solutions, and this must be done with transparency. The idea that these negotiations can be conducted in secrecy or semi-secrecy is totally unrealistic. There will be leaking by everyone involved as they think appropriate.

We should resolve the following in the action we need take. There should be a plan—not a plan to have a plan—which includes the basis of a coherent strategy. We should use professionals. We should go out and recruit. There is no reason why we should be concerned about the intellectual competence of our civil servants—trade negotiations are conducted by trade experts, not national civil servants. We have one in the House. My noble friend Lord Mandelson was the Commissioner

for Trade in Europe for four years and negotiated with the WTO. So I am talking about cross-party co-operation as well as professional involvement.

On business and finance, small businesses depend on Europe much more than the multinationals—it has the most direct effect on them and their workers—as well as the City of London and others. If we are to negotiate, let us base the strategy on realities. I was for remain but negotiation is hard talking. Sixteen per cent of the continental trade of the European Union comes to the UK. More than £1 trillion of assets are managed in London, put there by European investors. Do we really think that the Germans will give up on their cars? One of its own confederations of business last week said that an attempt to stop that trade would be "very foolish" if its own Government supported it. The same applies to French wine and Spanish tourism. In Italy, 20% of GDP is represented by non-performing loans. With the stability and growth pact no longer working, it prefers Germany's operation at the cost of the poorer countries. We have to be realistic and tough—and I am a remain man.

In these negotiations we have to talk about alternatives—that is, competent negotiation. Of course we must be friends together, but we tell the other side, "This is what we want, or else". What of the "or else"? President Eisenhower said:

"Firmness in support of fundamentals, with flexibility in tactics and methods, is the key to progress in negotiation".

Firmness in fundamentals offers flexibility. The timing of how you put things from one period to the next is critical. Reporting back to Parliament is indispensable if you need, as you must, to maintain public confidence. Then there is the final deal: what is going to happen then?

What about the effect of Article 50 on our politics generally? There is a period until we trigger it—let us say three to six months. There could be an early agreement, but that is highly unlikely. Or, at the end of two years we are out unless there is unanimous agreement to extend that period. Do we realise that, depending on which alternative occurs, that runs through pretty well the whole life of the rest of this Parliament? Indeed, it could go into the next general election. What would we then face compared to the referendum we have just had?

I turn now to new markets. Last Friday, in the United States Congress, the United Kingdom Trade Continuity Act was proposed by Republicans, with, I understand, some Democratic support. It is designed to open the prospect of a United States trade agreement with the UK. That might bring us into or next to the NAFTA with Canada and Mexico. I am not recommending it but pointing out that there is an actual alternative.

We built Latin America in the 19th century. It contains 500 million people and has a vast and emerging infrastructure and other projects that we could supply. China, the Commonwealth, and India are all also economic factors.

One extremely important factor is the geopolitical issues that bind us to Europe: whether we are in the Union or not, terrorism, human trafficking and refugees from conflict will still be there.

[LORD BRENNAN]

Lastly, there is NATO. The Americans may talk to Germany and France out of necessity if we leave, but we are their preferred ally. We should bear in mind that Mr Steinmeier, the German Foreign Minister, last Friday condemned NATO for warmongering military exercises in Poland. Europe is not going to go away, whatever we decide.

3.57 pm

Lord Burnett (LD): My Lords, it is a pleasure to follow my noble friend Lord Brennan; the whole House will have appreciated his profound insight. The noble Lord, Lord Lloyd-Webber, made a most compelling speech about European Union cohesion which I and most other Members will have wholeheartedly endorsed. I draw attention to my entries in the register of interests.

I have always been against joining the European single currency and have campaigned against it. Nevertheless, I very much support our continuing membership of the European Union on the terms negotiated by the Prime Minister. The referendum was held at a particularly inauspicious time. The Government's accumulated debt is in excess of £1.5 trillion, which is over 80% of our GDP. The annual deficit, although hitherto falling, was £74.9 billion in the year to March 2016. Our current account deficit continues to run dangerously high. In the past we have funded this with foreign direct investment, some of which is both volatile and capable of being moved extremely fast. As the Governor of the Bank of England said during the referendum campaign, we rely on the kindness of strangers.

Despite the referendum result and the downgrading by the rating agencies, it appears that government 10-year bonds can still be sold at a coupon of less than 1%. The Chancellor has abandoned the fiscal squeeze and the Governor of the Bank of England has stated that he will take all necessary actions to protect the economy. We are still creditworthy, but I suspect that if we serve an Article 50 notice, market sentiment will change. Before the referendum and probably as a result of the impending referendum, the economy was showing signs of slowing down. Since the result, and from my experience and discussions with business people, it appears that the slowdown is gathering pace. Deals are falling through or are being renegotiated, and I would draw the attention of the House to reports in last weekend's *Financial Times* of major City of London property deals which since the result have now fallen through.

Asset prices, particularly real property, often provide the underlying security for much lending to small and medium-sized businesses and companies. Currently it is extremely difficult if not impossible to fix a value for real property, except perhaps at a vastly discounted price. This is a dangerous situation and I am endeavouring personally to advise borrowers, lenders and other commercial businesses against the backdrop of these very difficult conditions. There are reports of many companies freezing their recruitment, and in some cases unfortunately there have been job losses. The evidence for these reports will start to come through in August when the July figures are published. I hope that the Bank of England and the Treasury will monitor

closely the effects of Brexit on our small and medium-sized enterprises, which are the bedrock of our economy and provide so much employment for our fellow citizens.

We are not alone in Europe in having a crisis of confidence in globalisation and to some extent in the institutions of the European Union. Support for the national front in France is rising in the polls, as is support for the AFD in Germany. Elections are being held in both countries next year. The United Kingdom is the second largest economy in the European Union and is important to the Union. Italy is facing major problems with its banking industry. All the foregoing should act as incentives for the European Union, with the United Kingdom, to negotiate some changes, perhaps even changes in freedom of movement.

The noble Lord, Lord Lawson, gave us his plan of what Brexit entails. He was quite clear that we should not bother to endeavour to negotiate access to the single market because this would entail us allowing freedom of movement for EU citizens. It really is a great shame that this prospectus was not put to the British people before 23 June. I take the view that access to the single market is of the greatest importance to our economy, for jobs, opportunities for individuals and businesses, and for investment. It gives us great advantages, not least in our ability to ensure, relatively straightforwardly, that our exports of goods and services to the single market are not unnecessarily impeded. I join other noble Lords in asking the Leader of the House to ensure that we have a definitive explanation of whether Parliament has a role in the Article 50 process and the extent of that role. Will she also confirm that an Article 50 notice, once served by the United Kingdom, can be withdrawn only with the unanimous consent of the UK and all the other 27 EU countries?

I much regret the decision to leave the EU. We are part of Europe and part of European civilisation. In an increasingly interconnected world, it is a dreadful mistake culturally, economically, educationally and for many other reasons for us to abandon the European Union. It will cause damage and hardship to us all, especially the younger generations who voted in such large numbers to remain.

4.04 pm

Lord Butler of Brockwell (CB): My Lords, I start by making it clear that while I join the noble Lord, Lord Burnett, and other noble Lords in greatly regretting the outcome of the referendum, Government and Parliament must accept and act on it. This means that sooner or later Article 50 must be invoked. If an Act of Parliament has to be passed to do so, Parliament should pass such legislation. I accept also that the campaign is over. Arguments that the British people were misled into making their decision are fruitless. The British people made their decision and that is an end to it.

The question, however, is whether the outcome of the referendum prevents any further critical consideration of the decision to leave in the light of the emerging terms on which we do so. Let us imagine a possibility—which I acknowledge now seems unlikely—that the EU partners decide that it is in their best interests to

give us access to the single market, combined with an acceptable degree of control over migration into the United Kingdom. Are the Government saying that our response has to be, “No. The people have decided—albeit by a narrow majority—that we must leave, and that is an end to the matter”?

Let us imagine what I am afraid may be a more likely scenario: that it becomes apparent that our economy is being so badly affected by our decision to leave that there is an overwhelming public demand to be able to think again. Let us imagine a petition, not of 4 million people but of 17 million or even 30 million people.

Let us imagine a third scenario, one such as the noble Lord, Lord Burnett, outlined, whereby the effect of the British decision causes such a clamour for reform from other member countries that the EU is compelled to make such reforms—for example, on free movement—that our continued membership would be acceptable to a substantial proportion of those who voted to leave. Is the position of Parliament and Government going to be so rigid that they say to the British people, “No. You decided two years ago to leave. Leave you must”? It would be one thing for our European partners to deny the British people the right to think again, though it is very doubtful that they could do so. It is quite another for the British Government, in two years’ time, to deny the British people any opportunity to change course, even if it becomes apparent that the road is leading over a cliff.

Whatever the merits of a referendum process—and there are some—we have also to acknowledge its weaknesses. I am grateful to a correspondent who brought to my attention an article by the late Lord Beloff, a greatly respected Member of this House who was Gladstone Professor of Government and Public Administration at the University of Oxford. In that article he argued that a referendum is only meaningful to the extent that clear alternatives are set before the electorate. According to Lord Beloff, in the absence of such clarity the electorate would be indicating a very general bias one way or the other, and nothing more.

It may be argued that the referendum offered such clear alternatives. What could be clearer than “Remain or Leave”? A moment’s thought, however, shows that it did not. One of the alternatives was clear: a modified “business as usual” by remaining within the EU. The other was anything but clear. The leave alternative offers a whole range of different futures, dependent on the outcome of uncertain negotiations and unpredictable market decisions. It is indeed a step into the unknown.

So, let us go into the negotiations in good faith, determined to get the best deal we can for the British people in accordance with their decision in the referendum. However, it is in no one’s interests—not ours, nor those of our partners—to rule out any possibility of a change of mind in response to events as they unfold over the next two years. If legislation must be introduced to authorise the Government to trigger Article 50, I shall support it. But I should also support an amendment providing that the departure does not become final until, at the end of the negotiations, the British people have an opportunity to make an informed decision through a general election or further referendum.

4.10 pm

Baroness Mobarik (Con): My Lords, one word stands out in reference to the recent EU referendum: “division”. The most reverend Primate the Archbishop and many noble Lords have stated this today. It was a divisive campaign—some would say by both sides—but the divisions were clearly already simmering and ready to surface when conditions allowed: divisions within our political parties and within our society, and divisions along national lines. In Scotland, the SNP Government, apparently unwilling to accept the legitimacy of a UK-wide referendum, are already calling for another independence referendum and fomenting fresh divisions north of the border.

Of course, I would like to think that the majority who voted to remain in the EU or to leave did so purely on a point of principle. For those like me, the economic argument for staying in the EU was obvious and, as a former chairman of CBI Scotland, I made those arguments on numerous occasions on behalf of members. However, as the owner of a small software company, I could also understand why others would see the EU as an overly bureaucratic machine that impacts on small business in particular in a negative way. That is neither here nor there. We have the result to leave the EU and we must begin the task of developing a new strategy to succeed economically and globally. I point noble Lords to a debate on Thursday on this subject.

Today, I confine my remarks to that word “division”. What has emerged from this referendum is that a whole swathe of the population harboured real resentments and their vote to leave was a means of protest. The social and economic gap that has grown over recent decades has created an inequitable society. That is a ripe condition for blame, particularly for blaming those who look different, speak a different language or have a different culture or religion. Of course, the vast majority of British people who voted to leave the EU did so as a consequence of their genuine concerns. However, there were those on the leave side who disgracefully drew on those resentments and fears when the sole focus became immigration. There is only one word for it, one that we do not like to use but the only one that fits: racism. This has not just been about people from the EU. That infamous poster with Nigel Farage said it all. The racist attacks and verbal abuse since the referendum reflect that this is not just about EU citizens. The P-word and N-word have been used abundantly. Indeed, this has been of such concern in the days since the referendum that the Prime Minister and other senior politicians have made public statements condemning such behaviour.

Since 1968, successive Governments in this country have worked hard to bring about a more cohesive society through race relations and equality legislation. The United Kingdom has been by far the most successful in Europe in giving equal rights to its citizens. That is why this is such a great country to live in and why anyone who comes here loves it and has such loyalty towards it. We have come a long way from 1968 and Enoch Powell’s rivers of blood speech. We do not want to go backwards. I remember that time well and the negative impact that it had on me personally as a

[BARONESS MOBARIK]

little girl in primary school. When you are on the receiving end of prejudice, it has a whole different perspective. It leads to feelings of rejection, alienation, anxiety and depression. Make no mistake, it is not just about overt racism; covert racism can be just as damaging. Those who are sensitive to it and know that it is directed at them recognise it in the most fleeting expression. Every one of us has constantly to question ourselves about our own prejudices if we want to build a strong society and real national pride. Politicians and the media perhaps have the biggest responsibility of all.

Ethnic communities of many hues have enriched the lives of this nation. The food that we eat, the colours and clothes that we wear and the music that we listen to have changed beyond recognition from the days when I came to live here as a child. Many people have come to these shores—Irish, Jews, Italians, people from India, Pakistan and Bangladesh and from the Caribbean, and the recent migrants from Poland and elsewhere in Europe. They, and the many others from around the world, have all contributed immensely to this country. Those who may have come to exploit it are a disgrace, but they are just a small minority. Overwhelmingly, what the newcomers bring is their energy and ambition to build a new life and to do well. That means having a strong work ethic and often an entrepreneurial spirit.

My late father came to this country from Pakistan and worked hard, employing more than 500 people in his various businesses in the 1970s and 1980s. He paid his taxes, he believed in public service and he was a model citizen. That work ethic was a value that he shared with mainstream British society. What we must do now is to build on these values again—and with fresh energy.

Finally, if we were to baton down the hatches and not allow any more immigration, as some would wish, I would make a gentle reminder that the many hundreds of jobs—in the NHS and agriculture, in the hospitality industry, in transport and in every sector—would still have to be done. Enough home-grown Brits would have to be willing to do them.

I urge the Government, under their new leadership, to refrain from the scapegoating of immigrants that some in our main political parties and certain sections of the media have found politically expedient of late. There is a very positive story to be told about the huge contribution made by immigrants to our country. It was not very well told in the run-up to the referendum, but together we can get this message out now. As we move forward, it is important that our Government clarify their objectives on immigration and the means by which to achieve them.

This is a wake-up call to mend our country, to tackle poverty by providing jobs through small-scale manufacturing and other routes, to engender that work ethic and to encourage enterprise. It is a huge task, but one that cannot be sidestepped if we are to avoid social unrest and if we want to continue to be a great nation. We have to learn to respect and value each other's contribution and our national leaders have to lead the way.

4.18 pm

Lord Knight of Weymouth (Lab): My Lords, it is a great pleasure to follow that speech from the noble Baroness and the excellent speech from the noble Lord, Lord Butler. This is clearly a time of political crisis. So far, two party leaders have gone. My hope is third time lucky and that my own party is able to move forward quickly.

We are also in a constitutional crisis. When I was introduced to this place, I took the oath of allegiance to the Queen and signed up to the Code of Conduct of your Lordships' House, as do all noble Lords. That code makes clear, in paragraph 7, what our duties are:

"In the conduct of their parliamentary duties, Members of the House shall base their actions on consideration of the public interest, and shall resolve any conflict between their personal interest and the public interest at once, and in favour of the public interest".

I do not equate public opinion and public interest and think that they are the same thing; they are currently potentially in conflict.

I believe that most of the 52% who voted to leave did so out of a concern for the effect of migration. One of the failings of the remain campaign was to allow it to become a referendum on that issue. Migration is a function of globalisation. The free movement of labour, alongside the free movement of capital and goods, is a founding principle of the EU. I profoundly believe that the migration of capital and, therefore, of jobs away from the UK is now a bigger threat than the migration of workers.

It is not in the public interest for Parliament to ignore the outcome of a referendum, but if the outcome of a negotiated exit is an end to the free movement of labour, and with it free trade, the public interest is not served by supporting that outcome. I like the notion put forward by the noble Lord, Lord Butler. Employers need access to current skills and will migrate to access those skills in an environment free of trade barriers. Perhaps our negotiators will succeed in persuading the EU to act against its founding principles and its own preservation by agreeing to free trade but not the free movement of labour, but I doubt it. Either way, this Parliament needs the assurance from the Government that it has a role in both the negotiating position and in triggering Article 50 so that we can exercise our duties as parliamentarians. What consideration has been given to forming a Select Committee of both Houses to provide detailed scrutiny of this critical process for our nation?

The second huge concern raised by this flawed referendum is the failure of representative democracy. We have seen 75% of the country's parliamentary representatives who were elected just a year ago ignored in their considered opinion. The two main parties both failed to lead significant parts of their core vote. They were joined by almost every expert on the economy and academia and were still ignored in favour of dishonest populist messages. One of our representatives was murdered in the street and yet this was not enough to cause people to pause for thought. The old model of elected representatives making difficult decisions for us is under strain, but direct democracy is equally flawed. We do not know how to inform the public to enable and empower them to take a considered view.

It amuses me when Tory friends campaigning to remain complained that three-quarters of newspapers were against them. For us on this side, the response was, "Welcome to my world". The echo chamber of social media is distorting and our methods of campaigning are sterile. On-demand TV has moved many away from watching the national news. We depend on an air war fought in the media to drive ideas, mood and education and on a ground war to mobilise people behind the media campaign. That paradigm is redundant.

This House may seem a strange place to talk about democracy. That is partly because we now think that democracy is just about voting. It is not. Voting is just one of the tools of democracy alongside others such as freedom of speech, juries and free access to ideas in libraries and now the internet. We urgently need to review how our democracy works so that we can give everyone a sense that they matter and that their opinion counts and so that we can also be engaged and informed to ensure that decisions are informed decisions.

Finally, we need urgently to address the sense that the majority of electors fear the future and the rapid change storming through society and the economy. We need the proceeds of growth to be more evenly distributed. It is not sustainable for business, politics or society if the rich continue to get richer and the poor get relatively poorer. Employment growth is insufficient if there is no security of income or of housing.

How do we do that? There are no easy answers, but I welcome the Government's acknowledgment that they have a role in stimulating growth, as represented in the northern powerhouse. Perhaps we need a national powerhouse. I also welcome the ending of the surplus target by the Chancellor and with it, I hope, a loosening of austerity. I would also like to see priority given to skills. I am chair of the digital engagement charity, the Tinder Foundation. We work to get the 10 million-plus adults currently without digital skills confident to use the internet. That work needs accelerating, to give those people a sense of participation in the future. We need to give a much stronger priority to adult skills. If we listen to this referendum, we will have to replace migrant skills with domestic ones to stem the migration of jobs. To respond to that needs urgent redesign of both education and skills in this country.

In summary, we need to respect the outcome of this referendum, but without delivering on it blind to the consequences of the public interest. We need to rejuvenate our democracy and inform and empower electors. We also need active government refreshing the parts of the economy other policies cannot reach.

4.25 pm

Lord Dholakia (LD): My Lords, the referendum on Britain's membership of the European Union has exposed one of the fundamental weaknesses of our democracy. We define our democracy as a system of government by the population voting to elect Parliament. In its wisdom—or otherwise—our elected Government failed to give us a clear lead and opted for a referendum. It is beyond doubt that the referendum descended into a struggle for political leadership of the Conservative Party, thus obscuring the real issues on which voters had to decide the outcome.

Oscar Wilde once said:

"The truth is rarely pure and never simple".

How true. The national debate narrowed down to two issues: the economy and immigration. I shall leave the economic aspects to our experts. Suffice it to say at this stage that we are in uncharted waters and that it is almost impossible to envisage what the future holds for us.

The issue that has concerned me most is the way the debate on immigration and migration has been handled. Many electors, whether pro-EU or anti-EU, were seriously concerned that the national debate had generated xenophobia. The wider view about the benefits of trade, jobs, investment and prices, which will have a profound effect on generations to come, was overshadowed by irresponsible statements from some of our leading politicians. I am a keen supporter of our membership of the European Union: now this remains a distant dream. I have never wavered in my belief in a stronger Europe and in our role within the Union. It is time we raised our sights from being little Englanders to look at the changing world where globalisation is an everyday reality.

We cannot ignore a market of over 350 million people on our doorstep. No one owes us a living: we are all interdependent. The issues that affect every citizen in our country include global terrorism, cross-border crime, human rights and matters relating to trafficking and drugs. These are the issues that have destabilised our communities. It is the duty of every Government to provide security for all their citizens. There is always strength in numbers. Look at the large number of young voters in the country. Our first mistake was declining to give them a vote at 16. Those youngsters who were of voting age were clear that their future was better safeguarded by our membership of the European Union. This has now been denied to them.

The way migration issues have been handled is a retrograde step. The United Kingdom is no longer united so far as race relations are concerned. We saw the variations in voting patterns, particularly in Scotland and in Northern Ireland—but there is more to this. It has put fear into black and ethnic minority communities in Britain. I admired the contributions of my noble friend Lady Manzoor and the noble Baroness, Lady Mobarik, on this issue. Attacks on our Polish community, swastikas in children's playgrounds, and attacks on mosques and temples bring back memories of the early days of migration to the United Kingdom.

Racial attacks and racial discrimination are now everyday realities in the lives of many migrants. Geographically and economically they occupy the most deprived areas of our country. Added to this, migrants face spitting, swearing, shoving and abuse almost routinely. Immigration policies have played a crucial role in successive Governments since the late 40s and early 50s. The difference this time is that the third and fourth generations, born and brought up in Britain, are now victims. There is a limit to their endurance. Sooner or later the matter could degenerate into public disorder, because those born and educated here are more likely to challenge their treatment than their parents did.

[LORD DHOLAKIA]

There is a dramatic rise in race-related crime. The figures have been given a number of times in this debate. Incidents of abuse suffered by minorities are reported daily. The picture of fleeing refugees as a backdrop to a poster issued by UKIP, and classifying London mayoral candidate Sadiq Khan as a terrorist risk, are simply not acceptable. We must put the blame squarely on our politicians. Of course we have tough laws on incitement and racial hatred, but there is a thin dividing line between what is acceptable and what is not. For the third and fourth generations born and bred here to suffer this abuse is simply not acceptable. Surely this is a recipe for disaster.

It is no longer a valid argument to talk about an integrated society if we continue to single out minorities as scapegoats for our own failures. Like it or not, immigration and free movement of people are even more necessary in the face of change resulting from the growth of the global economy. Increasingly, the global economy relies on the skills of people wherever they are available, and international movement is a key feature of all sound economies.

Few other political issues create the same tension and emotions as immigration and its implication for Britishness. There are three reasons for this. First, the unending discussion on numbers now focused on others coming from Europe. Secondly, our role in the international community: do we face towards Europe or look for alternative markets? Thirdly, the worry about national identity.

I conclude by saying that the referendum has proved that leadership—in or out—is uneasy when confronted by the issue of migration. There is a kind of schizophrenia in the response to immigration on the one hand and community cohesion and a pluralist society on the other. Migration policies are aimed at playing to public fears about mass immigration fanned by some of the media. They militate against the liberal elements welcoming diversity. They make minority communities feel targeted as a problem: their skills and perspectives are no longer welcome. The progress that we have made in our society is too valuable to be played in such a cynical manner by politicians. They must share the blame for destabilising our community. No society can live in peace or be at ease with itself if a section of its population continues to live in fear of being abused. We all have a duty to reverse this trend.

4.33 pm

Lord Bilimoria (CB): My Lords, 23 June was not independence day for Britain; it was the day the UK shot itself in its foot. Our economy has been doing so well. While European economies have been doing badly we have had cumulative growth of 62% since the single market started in 1993. We did not lose our sovereignty. We have had the best of both worlds. We have been in the EU but not in the euro. We have been in the EU but not in Schengen. We pour our beer in pints. We measure our roads in miles. Yet Vote Leave makes claims about red tape and regulations. I have seen in the 10 years that I have been in this House that the regulations that we make—the laws that we make that affect our daily lives—are made by us right here, right now in this House in this Parliament.

We take for granted 1.2 million of our citizens living in the European Union and we have 3 million European Union citizens living here. How dare people even think of sending these people back? These are people who left their families a thousand miles away, who came here not knowing the language to a strange culture and made friends, worked hard, paid taxes, put in five times more than they took out and contributed to our economy. How ungrateful can we be? We should be grateful for the efforts that they have put in. They are welcome to stay here.

We have for many years been saying: “Take control of our borders”. I believe we have lost control of our borders. I have been saying for many years: “Illegal immigration is the issue. Let’s bring back exit checks. Let’s scan every passport, EU and non-EU. Let’s make that first step, rather than making immigration the excuse that we have”.

Our universities will suffer. Already we have lost our AAA rating. Eight of our universities have already lost their credit ratings. Our universities receive £1 billion from the EU. I am president of UKCISA.

Lord Vinson (Con): My Lords—

Lord Bilimoria: My Lords, I am sorry, but I do not have much time. We have 500,000 international students in this country; 170,000 of them are from the EU.

In the finance sector, big banks have already begun to make plans to move staff out. The Royal Bank of Scotland has lost value of £8 billion. That is more than we put into the EU every year and it is taxpayers’ money.

The biggest lie of them all was the £350 million that we give to the EU emblazoned on the Brexit bus with: “Let’s give that money to the NHS instead”. There was the Vote Leave advertising film showing the NHS inside the EU and the NHS outside the EU. What is going on here? It was completely misleading. These are lies. It is a net contribution of £8 billion a year, 1% of our annual government expenditure per year. That is not going to shift the needle, let alone save the NHS.

What was the Electoral Commission doing? That is what I ask the Minister. In India, which has one of the largest elections in the world, the election commissioner is the most powerful person in the country at the time. Here we have an Electoral Commission asleep on the job. Surely we need to look at the role of the Electoral Commission. Then the result would have been completely different, because I have met people who have said: “I voted to leave to save the NHS”.

We rely hugely on inward investment. The referendum saw the pound plummet to levels not seen since the 1980s, when I was here as a student, when the UK was the sick man of Europe—the 1980s when this country had a glass ceiling for foreigners. Today in this country, anyone can get anywhere, regardless of race, religion and background, yet we hear of these awful hate crimes, attacks against migrants and discrimination, which I have experienced myself. Do we want to wind the clock back?

In this referendum, 72% of voters under 25 wanted to remain in the European Union but, sadly, just over one-third of them turned out to vote, whereas 83% of

those over 65 turned out to vote and they overwhelmingly voted to leave. I hope that the youth of this country have learned their lesson for ever: they have to exercise their precious right to vote and come out, regardless of whether it is in or out of term time; they must come out to vote for their futures.

What is more, I forecast that if we left the EU, it would threaten the EU itself. Already, many countries in Europe are demanding a referendum, which could lead to the break-up of the EU, which could lead to the break-up of the euro, which could lead to the biggest financial crisis the globe has ever seen. Already Scotland, a region that unanimously voted to remain, is asking for another referendum. Northern Ireland, which voted to remain, talks of merging with Ireland. We are going to be a withered, shrunken England and Wales. Is it not gut-wrenching to see Nigel Farage, who was so responsible for creating the mess that we are in, resigning as leader of UKIP and this weekend wearing Union Jack shoes when he could be responsible for breaking up our union?

Look at the treacherous behaviour of the people leading the leave campaign. Boris Johnson stabs the Prime Minister in the back and leads Vote Leave. Andrea Leadsom stabs Boris. What a hypocrite she is. She said that leaving the European Union would be a disaster:

"I don't think the UK should leave the EU. I think it would be a disaster for our economy and would lead to a decade of economic and political uncertainty".

Wow, how prescient. Michael Gove stabs Boris Johnson in the back. These are the people who led us to leave the European Union. What were people thinking? Project Fear? Project Reality.

The referendum was advisory, and pro-remain MPs outnumber leave backers in the House of Commons, the other place, by 3:1 and in this House by far more. There is now a strong legal case, as we have heard, that Article 50 cannot be triggered until Parliament votes on it. Here is a conundrum: with the lies, the deceit, the treachery and the turmoil that has been caused, will a responsible Parliament affirm the 52:48 referendum result built on such shaky ground? With hindsight—this point has not been brought up by anybody—a decision as important as this should have had a two-thirds hurdle. Changing the fixed-term Parliament in the other place needs a two-thirds majority. To change the Indian constitution, you need a two-thirds majority. There would then have been a definitive result.

As for the Opposition, please forgive me, but Jeremy Corbyn has been absolutely useless as a leader, and his role in the referendum was pathetic. That could have changed the whole picture—and now look at the turmoil the Labour Party is in. On top of all this, we have 4 million people signing a petition asking for a second referendum. There is no legal obstacle to holding a second referendum, and a general election could even be treated as a proxy second referendum on the issue. Would the Minister agree? A MORI poll says that 48% of voters agree that there should be a general election before Britain begins formal Brexit negotiations. A BBC "Newsnight" poll says that a third of voters do not believe the UK will leave the EU, despite the referendum result.

According to Saturday's *Financial Times*, the UK is now heading towards,

"lower growth, more uncertainty, a weaker currency and looser monetary policy".

That is just what I said on 15 June, in my last speech in the debate here. Our airport expansion has already been delayed. Brexit will hugely damage our economy, our businesses, our citizens, our stability and our standing in the world. The Governor of the Bank of England is already talking of economic post-traumatic stress disorder. The Economist Intelligence Unit projects a 6% contraction in the economy by 2020.

Brexit is now the central focus of politics and government and will be for years to come. Just think of the opportunity cost of all that time, which our leaders and civil servants could be spending improving this country and the lives of our citizens. Switzerland voted two years ago by 50.3% to modify the free movement of people—two years later, it has got nowhere in its negotiations with the European Union.

I conclude by saying that this 52:48 vote to leave will not actually achieve the slogan of Vote Leave: "Take back control". We have actually lost control and will lose more. The irony of it all is that the chief Brexiteer publication, the *Sun*—wot won it—published a poll just this weekend showing that 67% believed the priority of the new Prime Minister should be steadying the economy. Only 28% of them want tackling immigration to be a priority for the Prime Minister. The irony of that is unbelievable. This wretched referendum was a dreadful decision. This country had the wool pulled over its eyes and was misled by a buffoon and a court jester—the Pied Pipers of Hamelin leading our people over the white cliffs of Dover.

Now is the time for us as a country, in the words of the leave campaign, to take back control. We need strong leadership and we need to negotiate with the European Union before getting anywhere near Article 50. Then, whether the decision is for staying in the European Economic Area with restricted movement of people or staying in the EU with restricted movement of people, we can go to the nation through a general election, properly supervised by an effective Electoral Commission, so that people can make an informed decision about our children's and our grandchildren's future, with the youth turning out in full force.

4.43 pm

The Lord Bishop of Ely: My Lords, I cannot match that passion, but I join other noble Lords in saying how much I appreciated the speech earlier of our boss—I mean of my friend, the most reverend Primate the Archbishop of Canterbury. He and I have both worked in the north-east and been welcomed by the people of that area, many of whom voted to leave, just as people in fenland in my current diocese and people in east Kent, beloved of the most reverend Primate, did. These people were not, it seems to me, voting against the European Union but were making a great cry—a lament—about not having been heard for several generations by us, the political class. This was their opportunity to make us listen, after feeling excluded for so long.

About 20 years ago I read an essay by JK Galbraith called *The Culture of Contentment*, which seems prophetic now. It said how politics in the West has been organised

[THE LORD BISHOP OF ELY]

for the wealthy at the expense of the poor, and that we would reap the whirlwind of this. In a peaceable way, that is what we are experiencing. There is a poem by the Christian poet George Herbert which includes the line “lament and love”. There now seems to be the opportunity to move ahead together in hope about the future that we might construct together. If I were to point a finger at the noble Lord, Lord Griffiths, the presbyter on the other side of the House, there would be three fingers pointed back at me. Although recrimination is a natural human desire, it seems to me that we have to move beyond that and see how, together, we can as a Parliament support the Government in offering a new kind of leadership for the future.

There are various collective nouns which the clergy have for bishops, the polite one being a blessing. I strongly ask us to think about how we, as Parliament, might seek to be a blessing in the way in which we support government in an urgent redefinition of the leadership that we need across all political parties. It will not do for us to think about a steady-as-you-go way forward, but we need to have leadership which is radical in its imagination, generosity, transparency and rigour for the future of all of our country and all of our fellow citizens.

We are talking about the flourishing of all our people and not for some at the expense of others. As the most reverend Primate the Archbishop of Canterbury referred to, one way of looking at this is through what we, as the Church of England, see as a vision for education into the future. The four pillars of this are wisdom, hope, community and dignity. So many of the people who have expressed their lament have been badly served over generations in developing their skills and aspiration for being real stakeholders in our economy and society.

If we are going to support wisdom, then we need to seek to invest in all that our people need in terms of training and being equipped with the right kind of education, which not only makes them economically productive, but grows in them—in us—the character to be mutually regarding as citizens, as those given to public life in the public service. We need to express hope that nobody is written off. One of our pledges in Church of England education is that no child is to be written off or excluded. That must apply too to the parents of children—no one is to be written off in our society and there is always hope for restoration and transformation across our communities. It is the purpose of all those engaged in political life to seek to make that happen.

All of us belong to community, one with another. I applaud everything that has been said by those who have been speaking against the way in which xenophobia and race hatred have been allowed to creep through the cracks lately and particularly in the last couple of weeks. We need to find new ways of living well together as one community and in fact, of course, it is in churches, temples and mosques where it is most likely that people meet cross-generationally to influence one another in places of safety. On dignity, some of the things people say—often to me—particularly in areas which have voted to leave, is that they do not count and there is no respect for them in the way in which any policy is framed. Dignity and respect are key.

All of this needs to be framed in outward-looking international environments, so that we do not become little Englanders but look outwards. We have a bold and vivid tradition as a country which has looked beyond its shores, not just for imperial adventure but to seek to transmit our values—all that we hold dear—for the advancement and encouragement of other peoples in other places. This is particularly true of our universities. In advance of this debate, I had a long conversation with the vice-chancellors of the University of Cambridge and Anglia Ruskin University, and both were keen to stress their first priority. There was concern for the migrant workers in Wisbech and the EU citizens who form a large proportion of their student body. They are anxious about the free movement of scholars. Scholars no longer live in ivory towers; there are now great highways of academic endeavour across the world, and Cambridge is the most important research university in Europe. How do we continue to make this vivid and real, not only for our own sake but for the sake of others?

The rest of my diocese is largely rural, but the fact remains that many of our farmers farm not just in this country but abroad; every year, half a million packets of lettuce come back into England from a farm that one of our big farmers has in Spain. He is profoundly concerned that proper respect is given to those people who, from abroad, make it possible for our food to be harvested. If it were not for overseas workers, there would be food rotting in our fields right now. So we need to be clear that our emphasis, even when we are concerned about our own country, is on all the implications for community worldwide, for the sustainability of community, and for the common good of which the most reverend Primate the Archbishop spoke, rooted in our application to wisdom, hope, community and dignity for all, so that all our citizens may flourish into the future.

4.51 pm

Lord Blencathra (Con): My Lords, it is a pleasure to follow the right reverend Prelate, with whom I agree entirely. I include in that his wise words of denunciation of that vile minority of racists who have participated in disgraceful attacks; they should be prosecuted, and prosecuted vigorously.

I am glad that I did not follow the noble Lord, Lord Bilimoria, or I would have side-tracked myself with a 20-minute attack on almost every sentence that he uttered. On 23 June, 17 million voters voted democratically to end our membership of the EU and to restore this country to the free, independent member state that it was before 1973. That long-overdue and momentous decision will in my opinion be good for the United Kingdom and good for democracy in Europe. It may well be that Britain will have fulfilled its traditional role, as it did over the centuries—in 1850, 1918 and 1945—of saving Europe from rule by undemocratic and unaccountable government over the whole of Europe. Fifty two per cent of our people voted to leave and 48% to remain—the greatest vote for anything in the history of this country. The losing remainers must stop their bitter recriminations and accept the decision of the people. Some are calling for a second referendum or for politicians to ignore the result. They say that the

country is divided because 52% voted to leave; some are pretending that we would not be divided if 52% voted to remain.

On 23 June we saw the greatest rebellion against the ruling elite—including us in this House, I would say to the noble Lord, Lord Bilimoria—that this country has ever seen. The leave victory is narrow in the sense that there is only a four-point difference, but it is absolutely massive when you consider that the leave campaign started from way behind and was up against the full weight of the Government and the establishment. But people ignored the dodgy Treasury forecasts warning of doom and gloom, as well as forecasts from the CBI, the IMF, the OECD and all the other organisations—the best-known organisations. The more the Government called in their friends in the Davos elite, including President Obama, the more ordinary people suspected that they were being sold a pup. I would go so far as to pay tribute to every person in the leave campaign, including in this regard only Nigel Farage—because, without him, we would not have had this referendum in the first place.

Now we must deliver on Brexit. My right honourable friend the Home Secretary has said that the job now is to unite the party, unite the country and negotiate the best possible deal for Britain. To borrow a phrase from Lady Thatcher, I would say, “No, no, no”. The job now is to deliver what 17 million voted for—nothing more and nothing less. I say this as a former Conservative Party Opposition Chief Whip: you will not unite the Conservative Party around a fudge that is half-in and half-out of the single market, with a bit of freedom of movement here and a bit less there, and tweaking our budget contribution. We have tried that fudge over the past 20 years, and it has not worked very well for us. Some 17 million voted to take back full control over our democracy, which was the key runner, as all our leave studies showed—not immigration, but control over democracy and the ability to sack the politicians who are supposed to be in charge of us, as well as control over our law-making, borders and economy.

Of course we must have reconciliation and reaching out to those who voted remain, as well as consultation with Wales, Northern Ireland and Scotland as we negotiate exit, but reconciliation will tear this country apart if it is merely crafty double-speak for compromise on the Brexit policy and selling out the electorate. Already we hear demands from some remainers that it is essential that we stay in the so-called single market, even if it means having to accept freedom of movement and some sort of payments to Brussels. What bit of “leave and take back control” do not they understand? First, it is not a single market. That fiction was sold to Margaret Thatcher by Delors in return for qualified majority voting. It is a single European regulatory zone and not a proper single market—look at the lack of a market in services. We do not have to be a member of the so-called single market to access it. The two are quite different.

I see some Commission officials are saying that we cannot cherry pick nor have EU à la carte. I agree entirely. I do not think we need to do either. First, we are a sovereign country and our Government are not going to negotiate with some Commission officials no matter what the Commission or the Parliament think.

We will talk to other Heads of Government, but the Council’s appointed leader, Mr Didier Seeuws, a Belgian diplomat who was chief of staff to Herman van Rompuy, should not be top of the list. They say that he is an able man, and I have no doubt about that, but what planet are they on if they think that the fifth-largest economy in the world, the second-biggest member of NATO, a nuclear power and a member of the UN Security Council will prioritise talking to a minor Belgian diplomat rather than to Germany, France and Italy?

The negotiations are not complex; there is only one difficulty. We need a Prime Minister who will look Angela Merkel and Hollande in the eye and remind them, in the nicest possible way, that they have a trade surplus with us in goods of £70 billion. The City of London has a financial services surplus of £20 billion, so our Prime Minister simply has to say that we are willing to accept the status quo and that we will take no action on their goods if they permit passporting for the City of London. If they try to freeze out passporting, they will get hit with tariffs. It is a simple as that. It is not that complicated, but it requires guts and credibility to do it.

Our trade negotiations would be complex only if we had a massive trade surplus with the EU, not the other way round, and we were begging to be let into the market. On 24 June, the president of the German Association of the Automotive Industry—I am sorry that the noble Lord, Lord Giddens, is not in his place because I think he referred to this fellow—said:

“Following British departure from the EU, it will be in nobody’s interest to make the international flow of goods more expensive by erecting customs barriers between Britain and the European continent”.

Exactly, Herr Wissmann, and I suspect that will also be the view of French car, cheese and wine producers. The leaders of the big countries in the EU, which export far more to us than we do to them, know that it is in their fundamental political and economic interest to have no changes to our and their access to the so-called single market. It is quite clear that some of those who want interminable and complex trade negotiations have an agenda of staying in the EU and want, at most, Brexit-light.

The people have given this country a golden opportunity to prosper once again now that we will be throwing off the shackles of the corrupt, undemocratic, regulatory, job-destroying regime that is the post-Maastricht EU, an EU which has caused the rise of extremist parties in Europe because it denied people democracy and ignored their concerns. The Government have a relatively short time to deliver proper Brexit and meet the expectations of those millions of voters in Labour heartlands and in Tory middle England who voted out. We had a revolution through the ballot box on 23 June. A few thousand remainers marching through London wanting the result overturned will be as nothing if we betray those 17 million voters. The quiet people of England have now spoken, and God help us if we ignore them.

4.59 pm

Lord Anderson of Swansea (Lab): My Lords, we are a proud island people. Traditionally, we been the envy of less happy lands. Historically, we have intervened on the continent only to restore the balance of power

[LORD ANDERSON OF SWANSEA]

against a Napoleon, a Kaiser or a Hitler. Yet, after the Second World War, we began to realise that we had missed the European bus. We tried, after the 1957 treaty of Rome, to find an alternative. I was in the Foreign Office when we built up EFTA but soon realised we were in a cul-de-sac that led absolutely nowhere. We had the two Gaullist vetoes, sought entry on our own terms, and then, eventually, had the referendum of 1975, which confirmed our membership of the European Economic Community. Alas, on 23 June, we went against that. We chose the exit door. Analysis shows that it was the oldies—the key dividing line was those aged above 44—who did it.

The experts so derided by Mr Gove have been proved right thus far. I shall not mention all that the noble Lord, Lord Bilimoria, has said, but we have seen the abandonment of the Chancellor's fiscal target, the revision of investment decisions and the anxieties of our nationals on the continent and of EU nationals here. Those same experts will now be called on to build a new relationship with the European Union. The question arises of whether we have the experts we need to conduct the new trade negotiations, or whether we shall have to call upon the new world—New Zealand, for example—to redress the balance of what we do not have. Perhaps redundant city bankers and New Zealanders will help us out.

In June 2012, the Prime Minister argued strongly against an in/out referendum as, “not the right thing to do”,

as it offered only two choices. He changed his position. Can anyone doubt that, essentially, it was changed, not for the national interest but for party reasons—just as he left the European People's Party when he wanted to be selected as party leader? He who had blown on the flames of anti-Europeanism for much of the last five years has now been consumed by them.

Yet the Prime Minister was right to draw attention to the problem of a referendum offering only two choices—in or out. On 23 June, the people spoke, or at least, 36% of the eligible voters voted to leave. The dilemma we now face is: what did they say when they spoke? Did they speak clearly, apart from indicating that they wanted to get out? The spectrum of possibilities ranges from pulling up the drawbridge to seeking the closest possible relationship with our former partners. You cannot negotiate with public opinion. Some argue for a second referendum at the end of the negotiating process. But there is a problem. What happens if the new package is rejected by the people? Do we have to form another package and another, until a particular package is acceptable to a public opinion that may change over time?

The question we face is rather a Leninist one: what is to be done? How do we limit the damage? The front door is closed; let us see if we can find other ways round. Clearly there will have to be some trade-off between access to what the noble Lord, Lord Lawson, and others referred to as the so-called single market—certainly, industrialists and others know that it is a real single market—and free movement. We will have reduced bargaining power with third countries. Clearly we should try to preserve our beneficial relationships with European institutions, such as universities and

collaborative research projects. The European Medicines Agency is probably doomed in its place in London, but Erasmus, surely, is so important that we should seek to preserve it. We will have to leave the European Council; therefore we will have to boost our bilateral relationships with European countries. Our own embassies in EU countries will become more important. The Foreign Office will need more funds.

I was in the Foreign Office on a European desk in the early 1960s, when we had a similar predicament. We were outside the European Union. We wanted to build a relationship, so what did we do? I was on the western European desk. We thought, “Here is an institution that brings together the existing members of the EEC and ourselves”. We sought to build it up and it lasted for a while. There is still a western European union, but its parliamentary component has gone. Surely we need to try to find some institution—existing or developed—that brings us together with our former partners in the European Union. We will no longer be in the European Parliament. Inter-parliamentary relationships need to be increased. The IPU should be given additional funds, specifically to provide opportunities for UK parliamentarians to meet their EU colleagues.

However, surely the best opportunity for working together is in the field of military, security and intelligence policies. We need to continue the intelligence relationship in gathering and analysing material, and we need a close relationship with the common foreign and security policy, the CFSP, without which both the EU and the UK would be diplomatically diminished. For example, the United Kingdom was part of the EU3 in negotiations with Iran. If outside the EU, there is no reason why, given our weight, we should not be part of similar future initiatives.

On the military side, we should remain associated with the European Defence Agency. We should build on the excellent bilateral relationship we have with the French after the St Malo and Lancaster House agreements, and our experience of working together in the Balkans and Libya. We should seek to expand that excellent bilateral relationship with France to Germany and other countries. Should not our NATO allies also be encouraged to develop niche capabilities?

We shall have to live with the referendum decision and salvage what we can to protect the interests of our country. We should be forced to ask basic questions about ourselves and our role in the world until, I believe, eventually a new generation will seek a closer relationship with the European Union, which, by then, will probably have changed in the direction that we now favour.

5.07 pm

Lord Marks of Henley-on-Thames (LD): My Lords, this vote has threatened the hopes of my children's generation. Our young people asked, overwhelmingly, “Why would anyone want to leave the European Union?”. They now feel disillusioned, angry, hurt and betrayed. They have grown up as Europeans; they value their freedom of movement; and multiculturalism, tolerance and international friendship are at the heart of their being.

It could have all been different. With high-handed overconfidence, the Government rejected amendments giving votes to 16 and 17 year-olds, EU citizens resident in the UK and UK citizens living elsewhere in the EU for more than 15 years. Thus they denied votes, which could have proved decisive, to three groups of people who are now most profoundly affected by the leave vote.

Like all other noble Lords, I find it shameful that the Government now try to justify bargaining with the cast-iron promise of indefinite leave to remain given to UK-resident EU citizens, so I welcome the Bill tabled today by my right honourable friend Tom Brake MP guaranteeing their right to stay.

Where next? During the campaign, the Prime Minister said that he would invoke Article 50 of the Lisbon treaty immediately if leave won. Then, as he resigned, he said that this would be a matter for his successor. My noble and learned friend Lord Wallace reminded us that Article 50 includes the words,

“in accordance with its own constitutional requirements”.

With no written constitution, the UK’s constitutional requirements for giving notice are uncertain. David Cameron seems to have assumed that notice could be given by exercising prerogative powers. I disagree. I far prefer the analysis of many senior lawyers, echoed by the noble Lord, Lord Kerr of Kinlochard, who argue, broadly, that legislation is required.

Whatever the legal position, there is at least a political imperative which requires a resolution of the House of Commons, as the elected House, before an Article 50 notice may be served. The leave campaign stressed the sovereignty of the Westminster Parliament; it cannot now credibly argue that a non-binding referendum can take the final decision away from this Parliament. Moreover, the treaty does not say whether an Article 50 notice can be withdrawn after service. Again, I agree with the noble Lord, Lord Kerr. A negotiation is real only if the parties can walk away.

Implementing this crucial decision must not be rushed through with ill-considered haste; nor should it depend on the Conservatives’ leadership election. Many noble Lords have said that we must respect the will of the people—and so we must.

Remain fought a sad campaign. We failed to raise people’s sights from the threat to the economy, which many believed was exaggerated or worse. In hock to focus groups, we failed to make the principled case for international collaboration, for protecting our environment, for peace and stability, for freedom of movement. We said far too little about what the UK brings to the European Union rather than the other way around. We failed to refute the notion that while the head should say remain, the heart should say leave. That failure of ours allowed the leave campaign to persuade voters, albeit by a small majority, that they should abandon a relationship of 43 years which has involved facing the world together, making compromises, resolving differences by negotiations and discussions—often, yes, protracted and difficult—to pursue the superficial attraction of an independence that will prove entirely illusory and lead in time to economic hardship, isolation, weakness, disappointment and regret.

Much has been said by noble Lords today about misrepresentation during the campaign. With much I agree. But in six months or a year there may be more clarity and the true economic costs of leaving may have moved from the realms of speculation to a starker reality. The public mood may have palpably changed. The real-life options for our future relationship with the EU may be apparent. The EU may have changed its position. In this context we must end the absurd stand-off between a hurt and angry EU refusing to negotiate before notice is served and our being unwilling—reasonably so—to serve notice before negotiations start. Given our right to serve or withhold a notice at our option, we can do better than rely on ill-defined, informal bilateral talks, as outlined by the noble Baroness, Lady Anelay, yesterday.

The Scottish Government’s threat to leave the United Kingdom is already clearer than it was. Might they not be willing to abandon plans for a second independence referendum if the United Kingdom does not invoke Article 50?

When Parliament takes its decision, my party will stand up for our internationalism and for our fundamental belief that we should play our full part in the European Union. We will take that principled position even if there is a political cost—just as my right honourable friend the late Charles Kennedy did over the war in Iraq, for which we are likely to receive vindication tomorrow, nine years late; and just as my right honourable friend Nick Clegg did when taking us into coalition with the Conservatives at a dangerous time for Britain, and at obvious political cost, leading to five years of stable and successful majority government, but ultimately leading to damaging losses for the Liberal Democrats which, ironically, delivered to David Cameron the overall majority and the referendum that have proved to be his nemesis.

I echo much of what the noble Lords, Lord Armstrong and Lord Butler, said. I trust that not only my party but Parliament will continue to do what Members of both Houses, with full regard for the referendum result, in their consciences believe to be in the national interest of the United Kingdom. That is the basis of parliamentary democracy and of the sovereignty of Parliament. If ultimately Parliament decides that it should put the terms of withdrawal to the people once again, so be it.

5.14 pm

Lord Alton of Liverpool (CB): My Lords, the first political meeting that I attended was as a teenager in 1968 to hear an erudite but rather dry speaker extol the virtues of the Common Market. His arguments, but even more so the wartime experiences of my father and grandfather, clinched my support for entering the Common Market. My father had seen action at Monte Cassino and in the north African desert, his brother was killed in the RAF, and their father had been in the Flanders trenches and later in Mesopotamia and the Holy Land. Siegfried Sassoon’s Great War poetry, read in Picardy last week under leaden skies, 100 years after 20,000 British and Empire soldiers lost their lives on the first day of the Battle of the Somme, vividly recalls those catastrophic events.

[LORD ALTON OF LIVERPOOL]

Sadly, another generation later, such powerful and shocking patriotic experiences seem to have lost much of their resonance.

My support for what became the European Community was also inspired by Europe's founding fathers: Adenauer, Schuman, Monnet and de Gasperi, who were shaped by their own harrowing wartime experiences at the hands of Nazism and fascism. They were Christian humanists who believed in subsidiarity, solidarity, the promotion of the common good, social justice and reconciliation. It was for those reasons that in 1975, as a young local politician in Liverpool, I campaigned for Britain to stay in the Community, and 67% of the British people agreed.

In the intervening years, what went wrong and what has changed? By 2007, the Community had morphed into a Union and that year I spoke against the Lisbon treaty, because I do not believe in a centralised European superstate, replete with a common currency—so disastrous for countries such as Greece—a European army, or its other trappings. One size does not fit all and is contrary to subsidiarity.

Although I, along with my family, voted to remain in the European Union, it was clear to me that there would be a win for the leave campaign. This was confirmed when I chaired a public debate in Lancashire a week before the vote. The noble Lord, Lord Anderson, reminded us about the problems of binary choices; I could not help thinking that if a third option had been available on the ballot paper I would have voted to remain and reform. Binary choices are by definition narrow, when most things in life are invariably more complicated and subtle. Similarly, in Scotland a third option of devo-max—rather than independence or status quo—would have united rather than divided. If we are to have more referenda we should think far more carefully about the questions we ask.

Just before the vote, someone close to me said she did not know anyone who was voting leave. That comment graphically illustrates how dangerously separated and divided our country has become—it is not only on the London Underground that we need to mind the gap. But the spectre of inequality referred to by the most reverend Primate reminds us that not just gaps but chasms are opening up in society. We need to understand that many people feel powerless, disaffected and angry. Many of them are from northern towns and live in poorer communities, dangerously disconnected from the political classes. It would be disingenuous beyond belief to caricature or dismiss all those who voted for Brexit as xenophobes or racists. I say that as someone whose mother was an immigrant whose first language was Irish, and who greatly prizes this nation's diversity. But let me also be clear that the scapegoating and hate-mongering, and the deployment of poisonous xenophobic arguments not seen since the days of Peter Griffiths, will have long-term consequences for community cohesion. It is much easier to summon up the tempest than to quell it, and to call up the furies than dismiss them. In this respect I echo the remarks made throughout your Lordships' House. The Government need to act immediately to make it clear that people settled here will not be weaponised in the coming negotiations. Failure to do so will further poison our world.

Many of the votes cast were angry votes. That anger, fuelled by a scepticism about Europe's failure to deal with a mass migration of terrified people, was hardly assuaged by Jean-Claude Juncker's arrogance in telling us just days before this tumultuous referendum that however we voted it would not make any difference. The Junckerism seems to be catching. The noble Lord, Lord Heseltine, said unwisely last week that, "There has to be a way to resist public opinion". It is bad enough that millions of our poorer citizens believe that the establishment has become impervious to their fate, but it would be unbelievably dangerous to tell 17.5 million people that they will be resisted and not listened to. The key to the future is surely to be found in Article 50, which specifically requires the European Union to listen to an exiting member and, in the words of the article, to take,

"account of the framework for its future relationship".

This crisis must now be used to create a range of new relationships at every level, perhaps modelled for instance on the EU framework programmes such as Horizon 2020, which is so important to UK science. Switzerland, Israel and Norway are all part of Horizon 2020, but of course are not part of the European Union. It is imperative that political paralysis does not delay work in forging such relationships. These are urgent questions and the Government simply cannot go into hibernation. Skilful negotiators will need wise heads, steely nerves and steady hands to see whether within the framework of subsidiarity, solidarity and the common good we can create new opportunities to live together amicably. We owe it to those who bought our own and Europe's freedoms with their blood and their lives. We also owe it to all those who now feel marginalised or fearful for their own futures.

5.21 pm

Lord Cormack (Con): My Lords, the noble Lord, Lord Alton, has made a thoughtful and wise speech, and I am sure that every Member of your Lordships' House will endorse completely what he said, and what has been said by so many, about European Union nationals in this country and our nationals in the European Union never becoming a bargaining counter, and how essential it is that that matter is put clearly, firmly and unequivocally as early as possible.

I have heard every single word of the 35 speeches that have preceded mine and they have been very varied. It is clear that in the three weeks which have elapsed since we last debated the referendum on 15 June, some feelings have hardened. There are wounds that are still deep and there is an understandable elation on the part of some who perhaps did not expect to be so euphoric today. But in those immortal words, we are where we are, and we have got to move forward constructively.

No one has said anything so far in this debate about the necessity of trying to have another British Commissioner, my noble friend Lord Hill having in my view prematurely retired. Nothing has been said about the need for us to take seriously the fact that next year the presidency is supposed to fall to this country. I believe that as long as we are a member of the European Union, we have to be a fully participating member of it.

I want to concentrate my remarks on one issue above all others. I do so in the secure knowledge that if one wants to keep a secret, it is a good idea to make a speech in the House of Lords. I want to appeal to our colleagues at the other end of the Corridor, and particularly to colleagues in the Conservative Party. Today they are casting their votes in the first ballot for the Conservative leadership. Whether one believes that it was wise or foolish of the Prime Minister to announce his resignation so soon—I personally do not think he had any alternative—he did announce it, perfectly honourably. But in doing so he created a vacuum, and time and again we have heard the words which have been cited in this debate: that everything will depend on the new Prime Minister and the new Government. At a time when one of the principal ingredients of a parliamentary democracy is entirely absent—namely, a strong Opposition—we are in a vacuum as far as the Government are concerned. We need a Prime Minister and we need one soon.

Those who are aspiring to the leadership of the Conservative Party and therefore to be Prime Minister of our great country—it is and will remain a great country—have a duty, if over the few days until next Tuesday it becomes apparent that a particular candidate has very considerable support, to row in behind that candidate. My own view, and I would be disingenuous not to confess it, is that one candidate has the qualities referred to earlier by my noble friend Lady Goldie of steely determination, a steady hand and long experience of high office. Theresa May has another very important quality: contrary to what many of my noble friends on the Brexit side would say, I believe that we will get a far better deal in Europe if the Prime Minister of our country is not perceived as hostile by those with whom she is negotiating. I very much hope that, during the next week, we will see a clear favourite emerge at the other end of the Corridor who will be able to assume the mantle of Prime Minister before the end of this month.

I know that people talk about the vote in the country, but what are we talking about? We are talking about an electorate that is twice the size of an ordinary constituency: about 140,000 electors. We are talking of people who are not necessarily representative of the ordinary Conservative voter. In the days when I became active in politics over 50 years ago, the Conservative Party had 2.5 million members. There were 500,000 in the Young Conservatives alone. It really was a mass political movement. It is not any more. It would be self-indulgent for our party in the country to maintain a political vacuum by holding up the election of a leader at a time when we desperately need firm, clear and decisive leadership. We need a Government selected by the Prime Minister in whom that Prime Minister can have confidence and who can have confidence in serving that Prime Minister.

I make no apology for this appeal to friends and colleagues at the other end of the Corridor, and to friends and colleagues in the Conservative Party up and down the country, of which I have many, having sat in the other place as a Conservative Member for 40 uninterrupted years: collectively, we Conservatives have this duty. It is a national duty, and all the more a national duty when—and I grieve about this—the

Opposition is in such disarray. I very much hope that we shall soon see a strong, credible leader of a strong, credible, alternative Government but we do not have that luxury at the moment. The responsibility therefore lies on those of us who sit on these Benches in this House, and in another place. I hope that before the end of this month No. 10 Downing Street will have a new occupant in whom we can all have confidence and who will be able to lead the trickiest negotiations that this country will have had for a very long time.

I have heard every speech. I shall have to go in a few minutes because I am launching the House of Lords volumes in the *History of Parliament* series, with which many noble Lords may be familiar. They deal with that critical period in our history between the Restoration in 1660 and the coming of the Hanoverians in 1714. Having a sense of history gives one a sense of perspective and helps me to overcome some of the gloom that has engulfed me in the past two weeks.

5.29 pm

Lord Cashman (Lab): My Lords, it is always a pleasure to follow the noble Lord, Lord Cormack. When he spoke of a woman to lead with decisiveness and a steely determination to get on with the business, I thought he was talking about Angela Eagle.

I am reminded of the closing words of “King Lear”:

The weight of this sad time we must obey;
Speak what we feel, not what we ought to say.

Therefore, it is with sorrow, not with anger, that I will dwell—unlike the noble Lord, Lord Butler—on the campaign. I recognise, too, the sadness on the government Benches and of the Government at a result they did not want. They campaigned for a very different result. None the less, there is a determination to sort out this mess.

I served for 15 years as an active Member of the European Parliament. During all my time there, and since, I have never recognised the European institutions as represented in this country or in debate. Alan Ayckbourn said that comedy is a tragedy interrupted. We are in the midst of a national tragedy of unimagined proportions, but we have witnessed tragicomedy in the wake of the referendum result as Johnson and Farage, like a latter-day Laurel and Hardy, shuffle off, leaving us with another fine mess that they have gotten us into. Then Michael Gove, having derided and diminished experts, now does a 180-degree pirouette and demands that they be brought in to sort out the mess. You could not make it up.

Into this interesting storyline and web of lies, deceit, hate and, yes, fear, the right-wing British press added its misinformation, disinformation and barefaced lies, undermining informed decision-making democracy. Yes, these are strong words. Truth was sacrificed. Immigrants and migrants were paraded as factors of fear and threats to our way of life. They became figures of hate—to our eternal shame. Was the right-wing press objective and fair, according to internationally agreed principles on election observation agreed at the United Nations? The answer is an unequivocal no. It serves me no great pleasure to state that.

[LORD CASHMAN]

A lacklustre media saw fabrication, ignorance and pure invention go unchallenged and uncorrected by presenters who should have known or been briefed better. The denial of a veto on accession, the £350 million a week that was supposedly going to Brussels, and the EU defence force—most of these claims went uncorrected. The disgraceful depiction of Turkey and Turkish people as negative and a threat to this country is unforgivable. If nothing else, the leave campaigners owe an apology to Turkey and the Turkish people. I am afraid that I do not agree with the Leader of the House: this was not a great democratic exercise. It was a shameful campaign that diminished Great Britain and our place in the world, let alone Europe. Precisely when we should have supported the EU in the refugee crisis and the euro crisis, we abandoned any sense of solidarity and became self-obsessed and self-serving. In so doing, we threw away a thousand years of history.

We are now in a perfect political storm, rudderless, leaderless—yes, I refer to my own party, too—and clueless. Nearly two weeks after the referendum result, we wait for the leave plan. We wait in vain because plan comes there none. There was no plan—that is absolutely right. That is why Parliament must consider how to act, weighing the options carefully and slowly. This will affect not only our generation but generations yet to come, and the younger generation who feel betrayed—as noble Lords have said.

We must not be defined by right-wing, narrow nationalism nor by racism and xenophobia. Britain is better than that. We are better than that. However, a dark underbelly has been revealed and, I believe, encouraged by the right-wing press. That is deeply disturbing. I woke up on 24 June to feel like I did not belong in my own country, that my values of fairness, decency, human rights, justice and inclusivity had been rejected. Now, I am more determined than ever to uphold those values. They are British values and they are European values—a Europe born out of the ashes of the Second World War: ashes of people's hopes and dreams, and ashes from crematoria dotted across Europe where people went because they were perceived and portrayed as different. Out of that history came a determination that we would never look away again, we would never scapegoat, we would never see country fight country for power, coal, steel or economic superiority. It is a Europe based on fundamental human rights. A Britain that helped to construct it now turns the other way.

EU nationals, to whom your Lordships have referred, currently reside here. On the issue of giving them reassurance, Downing Street was quoted as saying there will be, “no immediate change” to status. The Home Office Minister yesterday offered little more. However, the Foreign Secretary was quite clear and said it is “absurd” to guarantee a right to stay in the United Kingdom before a reciprocal deal is done for UK expats in the European Union. Whatever happened to leadership? We should show vision, some guts, and above all else some principles—the principles of a country with human rights and civil liberties at its heart, not at the fringes of a negotiating process. The House is clear: afford the right to reside and do it now. These people have settled here; they are employed and

have businesses here; they have mortgages, and children in schools here. They are part of the fabric that holds our society together and we must not abandon them.

The most reverend Primate the Archbishop of Canterbury understood well that we must now come together as a nation. I suggest that that should not rule out the prospect of a Government of national unity. The most reverend Primate recognised clearly that inequality is at the very root of the disfranchisement and disempowerment felt by so many. We need to catch hold of that hope he spoke of, not abandon it, and find the means to celebrate difference and diversity as fundamental values of our country—an inclusive and outward-looking country. In the meantime, the comedians are leaving the stage and the tragedy continues to unfold.

Viscount Younger of Leckie (Con): My Lords, a gentle reminder: several recent speeches exceeded the advisory Back-Bench time for this debate, which is seven minutes. If noble Lords adhere to this, the House might be expected to rise at not too late an hour tonight.

5.38 pm

Baroness Walmsley (LD): My Lords, I am proud to speak from the Liberal Democrat Benches, where we have a leader whose position is secure and who has the support of all of us. I am also proud that it was a Liberal Democrat MP, Tom Brake, who took the only real action to secure the position of EU citizens living and working here. Yet these are small consolations to me today because I have such concern about the effect on the NHS.

Of all the disasters that will result from the EU referendum, one of the worst is the effect on our health and social care services, on which the outcome is likely to inflict significant damage. It was also the subject of the biggest, fattest lie of the leave campaign, one of those that was retracted almost before the ink was dry on the result. “Three hundred and fifty million pounds extra per week for the NHS” was plastered all over the campaign buses and, even though it was frequently pointed out that this could not happen, the leave campaigners cynically waited until after the result reluctantly to admit that it was not true. Where does that leave those who voted leave because they thought it would help the NHS which so desperately needs more funding? Betrayed and angry, that's where it leaves them. They were conned into delivering their precious votes into the hands of a bunch of charlatans. I know that the noble Baroness the Leader of the House would prefer us to sweep these facts under the carpet and be positive, but they matter—not least because some of those now seeking to lead this country had every opportunity to correct this misinformation, and they did not take it.

So where are we now? We have an NHS which has to rely completely on funding from a thriving economy if it is ever to be able to deliver on the needs of an ageing population—one that rightly demands the benefits of the latest medical and scientific research. It also relies on immigrants. It is estimated that 10,000 EU doctors and 52,000 EU nurses are working in our NHS today. What have we heard from the Government

and from those wishing to lead it about these people? Only that they are to be used as pawns in the negotiations to leave the EU. There are 335 EU citizens working in the Norfolk & Norwich University Hospital alone. They do not know what will happen to them in two years' time. How would that hospital manage if they got fed up waiting for some assurances and went home? It is disgraceful to play a game of poker with these people's lives and their contribution to our health service. The Government must do the right thing now and give these workers the confidence of knowing that the UK wants to keep them here, contributing to our care and to our economy. What about the thousands working on very low pay in our social care sector, caring for the old and vulnerable and putting up with minimum wages for doing a very difficult job? It is time that the Government took the initiative and said that these EU citizens will be allowed to stay if ever the UK leaves the EU.

Then there is the effect on our ability to recruit the best research talent from abroad and on the pharmaceutical companies that have to invest millions of pounds to develop new drugs and treatments. Reducing corporation tax is not going to reverse the damage to them. Investment decisions are already being made or postponed. Why would highly qualified researchers and medical staff come here when they do not feel welcome and have to jump through all sorts of hoops to get here? The UK is part of a worldwide marketplace for talent and there is a chronic global shortage of highly qualified research and clinical staff. We have just made it more difficult to attract the best.

On the big issue of resourcing, we have heard many times in your Lordships' House about the £30 billion gap in NHS funding and the £6 billion gap in social care funding. My right honourable friend Norman Lamb has long called for a new Beveridge commission, an independent commission to look at how health and social care should be funded. This is needed now more than ever because the economy is in crisis and it is our taxes that pay for the NHS.

In the next few months, the biggest threat to the NHS will come from a recession-driven round of additional spending cuts, hitting non-ring-fenced budgets such as social care. Such cuts would be almost as bad for the NHS as direct funding cuts and would significantly exacerbate the financial problems of the acute hospital trusts. The promises from the current Chancellor and at least one of the candidates for Conservative leader to abandon their manifesto promise to remove the deficit by 2020 is quite sensible, as they are hardly likely to be able to deliver it if we have an economic recession. While I welcome this pledge, I cannot see how a failing economy will be able to deliver the funding that public services need to survive. The Government need to steady the ship, but we have no captain. This captain is to be elected by 0.03% of the electorate. I do not call that democracy.

Changing models of care are essential for the sustainability for the NHS, but there are now far too many uncertainties to allow health service managers to plan for change. Uncertainty is just as bad for the NHS as it is for the City of London. One recent change with great potential for patient benefit has been the devolution to Manchester of the powers to

deliver health and social care. However, even if the Government remain committed to this kind of devolution, the Civil Service will be so busy disentangling us from Europe that they will not have the capacity to do the work. In the longer term, there will be issues about the working time directive. The junior doctors and all the other staff will have to negotiate new maximum working hours and all the other elements of contracts that have been so hard-fought.

Will the Government now pledge that there will be no further cuts to public services? Brexit could undermine staffing, research, service reform, devolution and funding. I find it very difficult to obey the exhortation of the most reverend Primate the Archbishop of Canterbury in his excellent speech to be hopeful and positive. The only thing that gives me hope is the ability of the NHS and care staff to keep calm and carry on in the interests of their patients, despite the turbulent waters into which we have been steered by the man without a plan.

5.46 pm

Lord Brown of Eaton-under-Heywood (CB): My Lords, the noble Baroness, Lady Walmsley, whom it is a pleasure to follow, is an orator. She has spoken eloquently on the question of the NHS. I am but a dry, superannuated lawyer. I shall leave the merits of this debate behind, although I should perhaps begin by saying that I favoured and voted for remain. Indeed, as I had suggested in a letter to the *Times*, whatever might be thought to be our national interests, the wider interests of Europe as a whole surely dictated that we should remain. But that is now mere nostalgia; the present reality is that the majority of our citizens have voted to leave. We have already lost not only a Prime Minister but the benefits—limited though they no doubt were—that he achieved in the February negotiations.

The only lawful route to leaving is via an Article 50 notification. So much is clear and, I think, undisputed among lawyers. It is clear, too, that we cannot lawfully repeal the 1972 Act—in particular, those parts of it that submit us to the paramountcy of EU law—until we have reached the point of leaving the Union. Until we leave, we need it. Altogether less clear is whether, under UK law, a parliamentary process—probably an Act of Parliament—is necessary to authorise an Article 50 notification of withdrawal, or whether this can be done by the Executive under prerogative powers. As we know, this issue is now apparently to be the subject of litigation. The noble Lord, Lord Pannick, consistently argues the view that he expressed in his *Times* column last week that legislation is required. In a letter in yesterday's *Times*, the noble and learned Lord, Lord Millett, a retired Law Lord, took the contrary view. If this issue has to be litigated, it will be decided, as the noble Lord, Lord Kerr of Kinlochard, said, purely by reference to our domestic law because it depends ultimately on, in the language of Article 50(1), our “own constitutional requirements”. I tend, as he did, to share the view of the noble Lord, Lord Pannick, that legislation is necessary, but that may become an academic issue. The noble and learned Lord, Lord Millett, ended his letter by saying that, in practice, “it would be politically impossible to implement Article 50 without the consent of the House of Commons”.

[LORD BROWN OF EATON-UNDER-HEYWOOD]

I suggest, too, that it would need the consent of your Lordships' House.

The critical question is this. I suppose there to be a substantial majority of the Members of both Houses—many in the light of the gathering uncertainties as to precisely what Brexit will involve—who are now strengthened in their belief that Brexit will be profoundly damaging to our national interests, let alone the wider interests of Europe as a whole. Notwithstanding this, should Parliament none the less give effect to the outcome of the referendum vote by authorising an Article 50 notification on whatever basis the incoming Prime Minister believes is best?

The arguments for and against our feeling bound to follow the will of the majority expressed in the referendum vote are obvious on both sides. They have already been widely canvassed by several of your Lordships and I shall not rehearse them. They are neatly encapsulated in today's *Times* correspondence columns. Vernon Bogdanor suggested that rejecting the referendum result would be "very dangerous" for democracy—in short, a betrayal of the already somewhat fragile trust that the public have in us as parliamentarians. But other letters suggested that since parliamentary sovereignty was a central plank of the Brexit campaign, the campaigners could hardly complain if Parliament now rejects their vote to leave the EU. I have to say, albeit with great reluctance, that like the noble Lord, Lord Butler of Brockwell, I am of the clear view that we have to give effect to the leave vote. This referendum was, after all, legislated for by a large majority in Parliament and designed to settle once and for all a basic question of principle, even though, ineptly, as others have pointed out, it is suggested that we are faced with a simple binary choice.

I shall say a word on the subsidiary question—another legal question—as to whether an Article 50 notification is irreversible. Suppose, following such a notification and negotiations under it, it becomes apparent that, after all, the best deal available would be conspicuously worse than remaining in the Union, could we simply abort the process and simply say that we are going to stay, or would the process have to proceed inexorably to the exit door? The noble Lord, Lord Kerr of Kinlochard, suggested that we could change our mind, and so, too, did Sir David Edward, our distinguished judge who used to be in Luxembourg, and Professor Wyatt in their evidence to the EU Committee of the noble Lord, Lord Boswell. I hope that they are right but I have to say that I have read very powerful legal arguments to the contrary. This is a legal issue which, if it did arise, would have to be decided by the ECJ. Alas, we cannot count on being given a second chance to stay once we have started negotiation and proceeded down that road. Of course, the other 27 states may be happy to allow us to change our minds, particularly if, as the noble Lord, Lord Butler, envisages, the Union had already moved—as one day it is likely to—to a less extreme position on the issue of freedom of movement. However, I am not optimistic about this. I fear that the rest of the Union will not wish to be seen to be trimming this cardinal principle to encourage a generally disobliging state—as they would perceive us to be—to stay with them. That said, there was not a

word in the speech of the noble Lord, Lord Butler, with which I disagreed. This is essentially a concurring judgment, not a dissent.

Because, however, we are unable to guarantee a second choice—a second bite of the cherry—it is surely imperative that we do not notify our Article 50 decision until we have in place a plan which the Government are quite sure will satisfy those who voted for Brexit and is likely to be achievable in the real world. Alas, at present, plainly no such plan is agreed by all Brexiteers. One has only to contrast the speech today of the noble Lord, Lord Lawson, on the one hand, with the much more cautious, nuanced suggestion of continued close association with the single market in the speech of the noble Lord, Lord Maude, on the other. That is a difference replicated by the contenders for the next premiership. One day, no doubt, the clouds will clear on this issue, but I fear that thunderstorms are all too likely along the way. Boris may have gone but he leaves appalling problems in his wake.

5.54 pm

Lord Tugendhat (Con): My Lords, the story is told that when Hugh Gaitskell made his passionate speech at the Labour Party conference advocating that Britain should not join the Common Market, as it then was, his wife turned to him and said, "All the wrong people are cheering". That is how I felt when the referendum result was announced and one heard that Marine Le Pen in France was over the moon, Mr Geert Wilders in the Netherlands thought that we had set an admirable example, and Donald Trump even took the trouble to go to Scotland to tell us how well we had done. Those are not the people to whom I hope this country would normally look for cheers. None the less, democracy trumps all. The people have voted, the result is clear and we must now do our best, on behalf of the country, to mitigate the consequences and achieve the best future that we can. As the most reverend Primate the Archbishop so eloquently pointed out, the place we should start is to prevent the sort of views that Ms Le Pen and Mr Wilders and, indeed, Donald Trump, advocate.

It is very important to recognise the damage that has been done to communal and race relations as a result of much of what was said by the leavers in their campaign. I am not suggesting that they intended to inflame communal and race relations, but I do suggest that they were often very careless in what they said and in the posters they produced. The results are perfectly clear: there has been an enormous increase in hate crimes against people from other parts of Europe, and against Muslims and other people from outside the European continent. Emotions have been inflamed and the impression has been given—one has seen this on television screens—that what leave meant was that foreigners would go home, and would go home quickly. One of the responsibilities that the leaders of the leave campaign should now take up is to say explicitly, not just in this House or in the Commons, but in the constituencies concerned, that that is not what was meant, and that those people who are here—I do not mean just doctors, lawyers and people in the City, but people all over this country doing humble and modest jobs to the benefit of our economy—are as welcome

now as they were before. I of course welcome what has been said in this debate about not using EU citizens as hostages or bargaining counters. That is quite right. However, a great deal more is needed and the most reverend Primate the Archbishop set us all an example.

However, we need to ask ourselves why in this normally tolerant society so many people have been open to the idea of venting their anger against immigrants. I do not think it is a matter just of numbers, as the situation was often worse in places where there are practically no immigrants at all. As other noble Lords have said, I believe that it arises from a widespread sense of insecurity and a sense among many people in this country that their jobs are at risk or are disappearing. They feel that while they are facing increasing difficulties, others are getting richer at their expense. They feel threatened by social and economic change, of which immigrants are the outward manifestation and thus become the scapegoat.

Much of the remain case, which I, of course, supported, was based on the proposition that a leave vote would damage the country's prosperity and that of its citizens. I believe that to be true. However, I understand that for those who feel that they have not shared in the fruits of prosperity, it is not such a very convincing argument. I am a strong believer in the benefits of capitalism and globalisation, but I recognise—I have been very much reminded of this by recent events—that those benefits have been very unequally distributed. It is very important now that the Government turn their mind to doing more to ensure that, while the strong are rewarded and encouraged, those who are at risk from and suffering from change are protected and given the means to adapt and adjust.

This problem will get much more severe. The rise of the robots—which was the title of a recent book—and advances in artificial intelligence will put at risk a great many more people who are much higher in the socio-economic scale than those who have been suffering until recently. This is one of the great lessons we must learn from what happened in the referendum. I would say to my own party, too, that we have far too often given the impression that we are in favour of austerity for its own sake, rather than as a means of bringing about a stronger economy. That balance must also be righted.

In the very short time remaining to me, I would like to say a word about Britain and the EU. I hope that our relationship will be as close as possible, not just in trade, economic and financial matters. I hope that we can preserve as much as possible of all that has been built up in the sphere of political, foreign policy and security co-operation. Likewise, I hope that a great deal can be maintained in the area of development, which covers trade agreements as well as aid, where we have co-operated so effectively with our European partners. We must also remember that the EU and NATO are two sides of the same coin. We must not allow our relationship with our EU partners, who are also our principal partners in NATO, to be damaged. There is a lot that can be saved: we must try to save it and build a better future for this country, both domestically and in our relationships with our partners.

6.02 pm

Baroness Mallalieu (Lab): My Lords, there has been a great deal of wailing and gnashing of teeth in the House this afternoon. It seems only a very short time ago that Members on all sides of the House were urging the British public to register to vote and to use that vote. We are all aware that low turnout at elections of all kinds is of great concern and dangerous to future democratic engagement. I cast my vote in the referendum in west Somerset. The turnout there was 79.1%, which was extraordinary and excellent; the result was 39% remain and 61% leave. If democracy is to survive, it is essential that Parliament respect the will of the people. What message would the electorate receive from, and what would their response be to, voices who call for another referendum, a general election, a delay in the hope that something will turn up and change their minds, or those who tell them that their vote is advisory only and that, in effect, parliamentarians know best?

I am grateful for all that the noble Baroness the Lord Privy Seal said in opening this debate. I agreed with every word. Whatever our views, those on both sides of that past argument now have to do their best to give effect to the vote. Not to do so would not just cause irreparable damage to future political engagement and respect for the parliamentary process; even more seriously, when the electorate already mistrust politicians like us and those in another place, we would risk holing parliamentary democracy below the waterline. Political involvement is, of course, heady stuff. We all know that emotions ran high during the campaign and they still do, as can be seen in this House. They cut across friends, neighbours, work colleagues and even families. However, democracy surely means government by all the people. That includes those who do not agree with you, those whom you think got it wrong, those whom you believe were misled by your opponents, and those who were too stupid or insufficiently well-educated to understand—and those are all arguments I have heard in the last week.

The increase in reported racial hatred and abuse is utterly shameful and is rightly condemned by all of us. We should also know that abuse of those who voted to leave is sadly not uncommon as well. As the right reverend Prelate said, there is an enormous amount to be done on both sides to heal the gap that has now arisen. Unless people were deeply unconscious during the whole of the campaign, the electorate cannot have been unaware that serious consequences would follow a vote to leave. It was spelled out in spades; it was amplified; it was repeated every day and embellished almost to the point of farce. Few voters could have been unaware of the possibility—even probability—that they personally might be worse off. Whether one agrees with the majority view or not, people voted for what they believed was right for our nation. That took real courage, in the face of the campaign.

What happens now? Other noble Lords have spoken about the damage that uncertainty is currently doing. That is obvious: talk to anyone in retailing, business or manufacturing. They all have things on hold because they are waiting to see what is going to happen. We have to do what we can to end uncertainty where

[BARONESS MALLALIEU]

we can. That means there has to be a clear timetable, which everyone understands, and a clear process which is agreed. People cannot plan their lives if government delay taking action. We have got to get on with it. Secondly, as others have said, EU nationals who are currently here have to have their minds put to rest—not in September, but now. We have a Prime Minister; could he not leave the packing cases for a very short time? At a stroke, he could remove a great deal of distress for many people and their families, and their employers.

Finally, a significant feature of the campaign was cross-party campaigning on both sides. I have lost count of the number of people who remarked favourably on seeing the Prime Minister campaigning with Sadiq Khan—politicians working across the party divide. I believe that the public are utterly fed up with the major political parties obsessing about their internal affairs. On these complex negotiations, I believe that the public want to see co-operation, putting the nation first and above party. That is also essential to heal the divisions which the result has inevitably left. We have surely now had quite enough of recriminations, negativity, hand-wringing and pessimism. Brexit is going to go ahead. However we voted as individuals, we are all of us in a different place now. For goodness' sake, let us get on with it and make a success of it, as I believe we can.

6.07 pm

Baroness Randerson (LD): My Lords, with the single, wonderful and inspirational exception of our football team, my country has perplexed and saddened me recently. I campaigned in the referendum in Cardiff, which voted heavily to remain, but much of the rest of Wales voted to leave, despite being a net beneficiary of EU money. That included rural areas with a heavy dependence on EU agricultural subsidies, which now face a very uncertain future, and the city of Swansea, which has had many millions of pounds from the EU to build a new university campus. The heaviest leave votes were in those parts of Wales which have benefited most intensively from EU funding.

These areas are at the sharp end when industrial and business investment recedes. Indeed, the Cardiff metro project, designed to link the valleys with the capital city, is already in doubt because of the almost inevitable withdrawal of EU funding. Successive Governments in Britain have proved very unwilling to endorse the use of EU money to assist poorer areas. I recall that the very first big argument in the fledgling Welsh Assembly was about the Labour Government's refusal to provide match funding—which is, of course, what you need when you have money from Europe. So I am very sceptical that the current or future Governments will simply plug the gap. Anyway, the mythical £350 million a week has already been spent many times over.

A slow fuse has been lit. People seemed to expect an immediate explosion after the EU decision. They looked to the stock market, expecting it to fall dramatically. However, what will actually happen is that business disinvestment will take years as the fuse slowly burns away. I have one plea to the Government: that they

ensure that the Welsh Government are fully involved in the negotiations to come. If they are not, the alienation in Wales will only increase. The Government need to beware of creating another Scotland.

I shall now concentrate on transport-related issues. These are practical problems that need to be solved, or at least grappled with. They are issues that affect us in everyday life. I am pretty sure that people who voted to leave still expect to be able to fly abroad to their summer holidays and to buy goods that have been transported safely and in a timely manner from other countries. There is a simple, practical fact about which nobody—no referendum, no decision—can do anything: the continent of Europe, the land mass, stands between us and much of the rest of the world.

The first issue is the Channel Tunnel. The dream of the Channel Tunnel long predates the European Union, but the tunnel was constructed while Britain was a member and it has been executed and managed with EU membership at the forefront. It is privately financed and privately run by an Anglo-French consortium and its scale is simply enormous—400 trains a day, 50,000 passengers a day and 54,000 tonnes of freight a day. The point is that the British border is in France, and that arrangement has already been placed in doubt.

It is clear that many who voted to leave did so in the expectation of tighter border controls. This conflicts with the inspiration behind the Channel Tunnel, which was to have freer and faster movement of both people and goods between Britain and France. Any moves to implement tighter controls or to apply them in different ways will inevitably have an impact on business and on the enormous investment that the Channel Tunnel represents. Have the Government given any consideration to the impact of future models for immigration control on this business, which has invested recently many millions of pounds on expansion plans? How will control of movements through the tunnel work in future?

Turning to air travel, Britain is part of the single European sky project. Europe has competence on air traffic management and the single European sky project defragments European airspace. It reduces flight times. It is good for the environment. It increases safety. Airspace is divided into blocks: functional airspace blocks. We share one—a unified block—with Ireland, which of course will remain part of the EU. About 90% of North Atlantic traffic passes through this block. It is part of the modernisation of air traffic management technologies and I hope that it is pretty obvious that we need to remain part of it. But here is the rub. The European Aviation Safety Agency has competence over our airports, air traffic management and air navigation services as part of this modernisation scheme. So the question for the Government is: will we withdraw from this, or is this yet another part of the EU that we suddenly discover is a benefit and not a burden?

The aerospace industry is worth billions of pounds to our economy and employs thousands of people. Freight transport—whether by road, rail, sea or air—is our lifeblood with, in the first quarter of this year, 700,000 vehicles travelling from Britain to mainland Europe. We all know about the impact last summer of the delays around Dover when we had Operation

Stack. It caused loss of time and money for those in the industry, but it also destroyed goods. Delay means the destruction of goods in the freight industry, so changes in border control will affect that.

Finally, I emphasise the importance that EU legislation has had for us on our roads. The tachograph, regulations on drivers' hours, standards of vehicles, the loading of vehicles: they all affect us every day as we drive on our roads. The EU has at its core a sound principle, and I think that many people are suddenly beginning to wake up to that.

6.15 pm

Lord Kakkar (CB): My Lords, I endorse the comments of my noble and learned friend Lord Brown of Eaton-under-Heywood and the noble Baroness, Lady Mallalieu, who, as many other noble Lords have done, made the important point that it is essential now that this Parliament and Government give effect to the expressed view of our fellow citizens in this referendum and ensure that the most effective way forward is achieved for our great nation in its future relationship with the European Union. To do anything less runs a very serious risk of undermining our democracy, undermining faith in the work of our Parliament and further consolidating some dangerous trends with regard to cohesion in society that have been identified and came to the surface in the aftermath of the referendum.

Before turning to that matter in some more detail, I shall pick up on a point made by my noble friend Lord Alton of Liverpool. In so doing I declare an interest as professor of surgery at University College London and as the UK business ambassador for healthcare and life sciences. My noble friend made the point that there are now areas of national activity that require clear advice and instruction from government in terms of dealing with the consequences of the referendum decision. One such area is that of collaboration in scientific research in Europe, which is well recognised. In the previous Session of Parliament, your Lordships' Science and Technology Committee undertook an interesting report into the relationship between UK science and the European Union.

There is no doubt that the negotiation as it goes forward provides the opportunity to consolidate that relationship. As we heard from my noble friend Lord Alton and others, many nations that are not part of the European Union have participated in programmes such as Horizon 2020. There must clearly be the opportunity to do that. However, interestingly, there are now reports that European universities and individuals—though not the European institutions—are starting to exclude UK universities and individuals from scientific collaborations to be made in the coming weeks and months. That is clearly inappropriate.

No final decision on the disposition between the relationship of our universities and the European Union has been reached. It would be a matter of negotiation. To exclude them at this early stage runs the risk of destroying important networks and collaborations that have taken years to build. The research opportunities lost as a result could have profound impacts on our economy—research and development is vital to it—and, in the area of biomedical research, on the health of

the nation. What advice are the Government able to provide to ensure that UK universities can overcome this potentially important problem by addressing these types of, let us say, unilateral decisions by individuals and institutions in Europe to exclude their UK partners?

I turn to the truly shocking and worrying increased reporting of so-called hate crimes. This is a difficult and dangerous situation. Appropriate discussion and debate about immigration to our country is absolutely justified and it has certainly formed an important part of recent political dialogue, but for that reasoned debate to be hijacked by illegitimate focus on racism and prejudice is completely wrong. It causes deep anxiety in communities from the European Union that are settled here in our great country, and in other well-settled communities. It makes them feel that they are no longer safe to live securely in their communities and in our country, and that is truly a disaster.

We have heard that Her Majesty's Government have rightly encouraged those who are the subject of these terrible crimes to report them. It would be useful to understand when the Government's hate crime action plan is to be published. It is very important that that plan deals in some detail with what needs to be done regarding resources for policing and support for community activities and organisations to drive forward better understanding. It is also vital that the question of settled EU individuals and communities in this country is addressed rapidly. A failure to do so runs the serious risk of allowing prejudice to become more established. That is clearly not the intention of anybody on either side of the European argument, and therefore it needs to be addressed effectively and rapidly.

In addition, we need to understand the underlying reasons for this reaction. We have heard them discussed in some detail in this fascinating debate. Those issues must not be ignored. They need to be addressed effectively to ensure that the lessons learned beyond the broader question of Europe can be understood and effectively addressed as part of public policy in the years to come. We must also use this as an opportunity to engage once again with our national values. At the heart of those national values, as we heard earlier from the most reverend Primate the Archbishop of Canterbury, are tolerance and decency. Fundamentally, as our nation moves forward, it will be tolerance and decency which will ensure our long-term success both at home and abroad.

6.22 pm

Lord Griffiths of Fforestfach (Con): My Lords, after listening to many speeches today in your Lordships' House, I fear that mine will appear to be contrarian. I make it not in a contrarian spirit nor with a contrarian mind. I voted in 1975 to remain in the European Union. The Lord Privy Seal said in opening the debate this morning that the referendum was a momentous democratic event. In our post-war history, the Attlee Government of 1945 and the Thatcher Governments after 1979 were the two watershed events of British politics. The result in this referendum was a response to a single question: remain or leave? It did not fudge the issue, and neither did the result. It was clearly a protest against the growing power of Brussels over our

[LORD GRIFFITHS OF FFORESTFACH]

governance in these countries of ours and, for me, a rejection of the sustainability of the European Union in its present form.

The euro is a monetary union without a fiscal or political union. It results in intolerable levels of unemployment in southern European countries and even worse levels of youth unemployment. Schengen is a great idea, but five member countries are putting up fences against other member countries. The established political parties in the European Union have failed to respond to the aspirations of their electorates; the result has been the growth of some very unattractive extremist parties. My noble friend Lord Lamont mentioned polling on ever-closer union in a number of key European countries. Clearly, it is not something that they want, yet I have the strong feeling that, despite all this, the EU will insist on carrying on to become a transnational state.

I believe that your Lordships' House has a role to play in the next few years in debating this issue, but we need to tread with care. As the noble Baroness, Lady Mallalieu, stated so forcefully, any attempt to undo what has been done will be seen as a betrayal of the democratic process. As my noble friend Lord Lawson said earlier, the result could be mayhem.

For myself, I feel that the vote touched a deeper nerve in our society—something commented on by the right reverend Primate the Archbishop of Canterbury. The vote was a judgment by people about the way that British society has developed over the past few decades; the growing divide between the rich and the rest, between winners and losers from globalisation; the rapid change in our culture, which has left people confused and without a clear sense of identity; and about a sense that modern Britain has become a two-class society with stagnant real incomes for lower-income earners, inadequate housing, high youth unemployment and millions of families without any ownership stake in this society. The vote therefore not only affects Europe but is a wake-up call for us all.

The way forward can be set out only by a new Prime Minister and a new Cabinet. The first priority will be to negotiate an exit on the best possible terms. We clearly have very few trade negotiators but New Zealand is happy to help us and we are in a strong position on the single market. We do not have to assume that during two years of negotiations the arguments will be black and white, because many manufacturing companies in France, Italy, Germany and Sweden depend for their profitability on exporting here. We need a comparable deal in financial services. There is every reason to think that we can negotiate a reasonable outcome. In addition, we will have new trade deals with Asia-Pacific, Latin America and the Middle East.

One thing we cannot duck after the vote is the issue of immigration. Continued immigration is essential for the British economy and our public services—indeed, for our cultural well-being—but following the leave vote, it is also essential that we are able to control our total numbers. The thing that scares people most in this area is not immigration per se but the fact that there is no limit to the number who can come in. If there were controls, we would have much less concern

about the issue. Next, we need a coherent economic strategy. The Chancellor has already discarded the objective of a Budget surplus by 2020. You can see the opportunities for tax cuts, such as a 10% corporation tax, and for increased infrastructure spending on London's third airport, the trans-Pennine railway, the northern powerhouse and public sector housing. Finally, and most difficult of all, we need to set out how we can create a more inclusive economy and society so that each family in this country has a stake in economic life. We need far more houses built across all tenures: private ownership, housing associations and local authorities. We need far more investment in training people for a digital world. We have 865,000 people between the ages of 16 and 24 who are NEETs—not in education, employment or training.

I believe that we can be stronger in trade, in enterprise and in controlling our borders outside the EU. Our identities as four nations will be strengthened by being outside the EU. There are many more challenges but instead of Project Fear, we need Project Success: the conviction that we can do it with greater self-government so that our society can be better. If I look for my inspiration anywhere then, as a rugby fan, it is to the Welsh soccer team.

6.30 pm

Baroness Royall of Blaisdon (Lab): My Lords, the Welsh soccer team is certainly an inspiration, and I am sure we all wish them luck tomorrow evening. I agree with the noble Lord, Lord Griffiths, that we need a much more inclusive society, but unlike the noble Lord, I believe we are in the midst of a political earthquake whose tremors are being felt not only in the United Kingdom but throughout the European Union and the wider world. Whereas once we were a stabilising influence, the result of the referendum has destabilised our economy, our politics and our partners. We are in what some might call a brave new world—but no one has a map and no one has properly considered the options or implications for our country, for our citizens or for the constitution. Throughout the campaign, people were warned not to take a leap into the dark, but it is even darker than I had anticipated. I am still stunned by the lack of any preparations and, at a time when we are in desperate need of strong leadership, there is a vacuum in the Government and the Opposition, as many have said.

The idea of member states co-operating for the greater good to be a stronger voice in the world and to maintain peace and stability is a noble idea, and one whose importance for me has grown in an increasingly fractured and fractious world. This was brought home for me, as it was for many others, on Friday as I watched the moving ceremonies to mark the anniversary of the Battle of the Somme and on Saturday when I laid a wreath at an event to commemorate those who bravely went to fight fascism in the Spanish Civil War, which began 80 years ago. There is more that unites us than divides us—or perhaps not any more.

However, the decision to leave the EU has been taken. I respect most of those who voted to leave, but I have absolutely no respect for Mr Johnson or Mr Gove, backstabbers who have wrought havoc in the country and their party and who exacerbated people's fears

and insecurities by disingenuous propaganda and sometimes downright lies. They threw liberal and humane values to the wind and built on fears of difference. They fanned the flames of division in this country between rich and poor, young and old, and cities and towns. They did nothing to prevent the crack in what the most reverend Primate called the “thin crust” of tolerance.

Like the noble Lord, Lord Tugendhat, and others, I believe that many of those who voted to leave were using the referendum to express dissatisfaction and to vent their anger about a system which does not respond any more to their needs and concerns. Their lives are difficult: they are insecure and constantly worried about their jobs, the roof over their head, problems getting their kids into school, and the long wait to see the GP. They feel that they have no control over their lives, so when simple solutions were proffered for complex problems, and when told that the only way to get back control was to vote leave, of course that is what they did—that is normal and natural. Many people simply believed that their lives could not get any worse. That is an indictment of not just of this Government’s policies but government policies as a whole. My fear is that those people who have given up on the political system and given up on experts will now be let down because the promises made by the leave campaign are undeliverable even by the most assiduous and shrewd negotiators.

Many of the promises cannot be reconciled with reality, including the political reality that Governments in other member states are confronting populist and nationalist forces whose leaders, such as Marine Le Pen and Geert Wilders, have been strengthened by Brexit. The people with whom we will be negotiating are concerned about contagion and are naturally looking to their own electorate as well as considering the changes necessary to make the EU more responsive to the 21st-century challenges on security, climate change, migration and the economy. What, I wonder, will be the impact of Brexit on the rerun of the Austrian presidential election, where the far right was beaten by a whisker? It is a dangerous moment for the EU as well as for the UK.

Can the Minister say who our negotiators will be and who will determine the positions that they will take? At a time of national crisis—which this is—we need national unity and that must mean that the Government cannot act alone. I agree with my noble friend Lady Mallalieu that the public like and want us to work together. As many have said, there must be parliamentary, cross-party engagement. There also needs to be direct access for the Opposition—when we have one—to civil servants. There must be deep involvement of local government, for in many instances it will bear the brunt of change and is best placed to understand the impact in those areas where people already feel left behind. I endorse the call made by Sadiq Khan yesterday that London should be guaranteed a seat at the table throughout the negotiations alongside Scotland, Wales and Northern Ireland, and his call and that of many noble Lords for us to remain in the single market.

How will the Government ensure that the voices of all stakeholders are heard and reflected? As a pro-chancellor of the University of Bath, and someone

who is proud of the university’s reputation as a truly international centre of excellence for teaching and research, I express concern on behalf of the university sector, like the noble Lord, Lord Kakkar. What assurance can the Minister give that staff and students from EU countries will be able to continue to work and study at British universities in the long term? The intake for this year will be fine, but what will the impact be on applications for 2017? I understand that eight British universities have already had their credit status downgraded as a result of the Brexit vote, amid concerns that curbs to free movement will hit recruitment of academics and students and that EU research funding will be cut. This is more tangible proof of the damage of the uncertainty caused by Brexit.

Many noble Lords have spoken, and will speak, of Article 50, and how and when it will be invoked. But I wonder how it will be possible to reconcile the tensions between the economic need for speed, to provide certainty, and the political desirability for time. Concern about insecurity for EU nationals has, properly, been emphasised this afternoon. These people are human beings, not pawns on a chess board; likewise our own citizens living and working in other parts of the EU, including those who serve us so well in the institutions.

However long negotiations may take, it is clear that a huge number of our civil servants will be engaged in disentangling us from laws passed during 40 years of membership and in working on new agreements. The usual work of government will be paralysed, at a time when the country is crying out for action that will deal with the blight of inequality. Who, for example, will work on the policies that will improve the lives and life chances of young people? Already shafted by this Government, they have now been so let down by the referendum result.

The deep divisions in our country are sadly not new, but the depth of the divisions was not taken seriously by any political party. If we are to remain a tolerant, united and inclusive country, the first priority of the Government and the Opposition must be to develop and implement policies that will heal that divide.

6.37 pm

Lord Bruce of Bennachie (LD): My Lords, I am delighted to follow the noble Baroness, and concur with her that we are living in very dangerously uncertain times. People talk about uncertainty, but there is real danger, not only here but across Europe. I want to address two specific issues in this debate, and just draw attention to my entry in the *Register of Members’ Interests*.

The first is the impact on the quality and delivery of UK development assistance, which I do not think has been mentioned in this debate. The UK is the second-biggest bilateral provider of official development assistance in the world, with our contribution totalling around £11.5 billion. We are the first G20 country to deliver 0.7% of gross national income in official development assistance, and we have legislation to focus on poverty reduction and gender issues. Thanks to my friend and colleague Michael Moore, we have legislation to maintain our commitment to that 0.7%.

[LORD BRUCE OF BENNACHIE]

There is a correlation between those who campaigned to leave the EU and those who want to cut the UK aid budget. However, nothing would give a more negative signal, or more positive proof that the UK was turning its back on international engagement, than for us to cut the amount of our national income we deliver in development assistance.

The UK has an imperial legacy which over the centuries has seen us intervene, not always nobly, in the affairs of most countries in the world. Like it or not, countries such as Pakistan and Nigeria were created by Britain: indeed, we shaped the map for most of our aid partners. Delivering aid in many of these countries may be challenging, but history has passed us a strong moral obligation to help poor people out of poverty in these areas.

David Cameron was the representative of the industrialised nations in the high-level panel to deliver the post-2015 agenda, which determined an aim of ending absolute poverty by 2030 and leaving no one behind. It would be a travesty and a tragedy if Britain turned its back on this commitment. A significant proportion of ODA is delivered through the EU, which the multilateral aid review identified as an effective means of delivering UK pro-poor aid objectives. We should therefore give priority in negotiations to continuing teamwork in partnership with the EU in delivering our development aims. It would put less pressure on DfID to find alternative outlets, which could never have the same reach as the EU, and it would maintain an area of co-operation with the EU that would engender a positive relationship and good will. I urge the Government to resist the siren voices that inevitably will be raised to cut the aid budget and transfer it to domestic priorities. By the way, those who claim that leaving the EU would free the UK to grow faster outside its constraints could hardly justify cutting the budget now.

The second issue I wish to raise is the future of the UK and Scotland's position. It is true that voters in Scotland made clear their desire to remain in the EU, but it should not be forgotten that while 1.66 million Scottish voters chose remain, over 2 million in the previous referendum voted to stay in the UK. It was reported last week that the First Minister, Nicola Sturgeon, was minded to stage another referendum on independence before the negotiation for the UK's leaving of the EU is completed, with the suggested question: "Do you want Scotland to remain in the EU or leave with the rest of the UK?". If this is true, it is an absurd and wholly irresponsible proposition. It may be perfectly reasonable for Nicola Sturgeon to hold talks with sympathetic elements within the EU, but she knows perfectly well that there is little or no prospect of Scotland carrying on within the EU, let alone with the UK's current opt-outs. When the Prime Minister of Spain made it clear that Scotland was part of the UK and there would be no separate talks—this was echoed by France—the First Minister said that this was no surprise. Of course not, but Spain, France and every other country holds a veto over Scotland.

I have no doubt that many within the EU will hold out warmth and sympathy towards Scotland in the light of the vote, but that is not enough to launch us

into uncharted waters on the back of the prodigious uncertainty we all face right across the UK. Depending on the terms of the new UK relationship with the EU, Scotland should not put itself at risk—which it would be doing—of total isolation. Scotland cannot apply for membership of the EU before it becomes independent. It would then face the same obligations as every applicant state. Even the fast track would take years. We would have to establish a central bank, a currency and a fiscal and exchange-rate track record. This would be challenge enough, but if the UK is establishing itself outside the EU, and possibly outside the single market, free movement and all those other issues, then barriers would be going up between Scotland and the rest of the UK before they even begin to come down with the EU. Given all this, I contend the priority for those of us who care about Scotland, its relationship within the UK and between all parts of the UK and the EU, is to secure the best possible outcome that maintains as much as possible of the co-operation and partnership that we value so dearly currently as a member of the EU. Anything else would be to show that independence is an ideological obsession that transcends the economic, social, cultural and political interests of the people of Scotland. The SNP should not let its patriotism lead to a betrayal of the real interests of the people of Scotland. As a passionate home ruler and Europhile, I firmly believe we need to tread carefully and sensitively towards an outcome that maintains the best of the UK and the best of our relationship with the EU.

6.44 pm

Lord Craig of Radley (CB): My Lords, after hearing the Minister's responses to the fourth Oral Question last Wednesday on the residential and continuing rights of European nationals already living in the United Kingdom, I add my voice to the many, both inside and outside Parliament, and in trenchant speeches today, who have condemned the expressed government attitude. This issue was also discussed in the House yesterday, with much the same equivocation and uncertainties from the Dispatch Box. The Minister referred to negotiations with the EU affecting the single market and trading arrangements, but not those about people. As a "Yes Minister" type of response by the Minister last Wednesday, it was classic. The actual real-life and immediate and future concerns of 3 million people were shuffled under the carpet by a rubric that exuded extreme and noncommittal caution and blindly defied political nous and basic common sense.

As was made obvious yesterday, the Government are not really certain whether to discuss this issue with the EU authorities or with each and every one of the other 27 countries in the EU. That is hopeless; we should be clear what we will do. There are two particular issues. First, what is the right immediate policy and, secondly, what should the long-term steady state be post completion of Brexit negotiations? Surely we would not be starting these negotiations on a favourable footing with the 27 were we so much as even to suggest that some of their nationals already resident in the UK might one day be refused right of abode, be told to leave or be booted out—or is this a sneaky cunning plan to massage a reduction in the net migration

figures? I hope not. Do we really mean to start by inferring that we could be expecting trouble from the 27 about the residential status of UK citizens presently domiciled in their countries and so, to counter this, are keeping the 3 million EU residents in the UK as a club in our negotiating locker? This is about real people, their lives and livelihoods, their families and their futures. It is not about foodstuffs, textiles, the trading of goods and services or other inanimate objects. Is this not a situation in which the UK should be giving a clear, positive and constructive lead, which can be welcomed and adopted by the 27 in a win-win outcome?

Let us say without further equivocation that not only will European nationals resident in the UK not be in any way affected in the near term—as made clear by the Prime Minister last week—but that it is the Government's intention to treat their right to remain as a firm, long-term, red-line undertaking. It should be deliberately adopted as a non-negotiable position. Why must all wait for David Cameron's replacement? He has stated the short-term position. Is it not down to him to get agreement now, very quickly, to the longer-term one? I urge the Government to make clear this direction of travel and to spell it out now as their intention. I suspect that cooler heads may still seek to establish a halt to—or rather a control of—newcomers after a certain date in the not-too-distant future, but for those already here or arriving to live and work in the weeks before that date, the clear government policy and intention surely should be that the current status and right to remain of EU citizens will not be abrogated by Her Majesty's Government. In the face of many tricky Brexit issues to resolve, this one, dealing with people and their lives and not with things, should not be left to fester on the pile. I look forward to the Minister's response.

6.49 pm

Lord Balfe (Con): My Lords, I, too, draw attention to my entries in the register of interests. From time to time, I am asked what I do in the House of Lords as special interests. I generally say to people that I follow foreign affairs and trade unions and they very seldom overlap, but tonight, unfortunately, they do.

I endorse everything that has been said about EU citizens resident in the UK—the eloquent words of the noble and gallant Lord, Lord Craig of Radley, being just the latest—but I want to draw attention to another group of people: the civil servants and public servants working throughout the European Union institutions, many of whom are in a state of near despair, not only at what they perceive as the Government's neglect of them over many years but at the situation now and what remains to be resolved.

I draw attention to the fact that one of my roles in life is as chair of the Members of the European Parliament pension fund. This puts me in a similar position to many other public servants in EU institutions. The fund covers all the member states and my duty as chair of the fund is to them all. So I will be effectively on the other side of the negotiating table, because it is my duty to ensure that, in leaving the EU, the UK does not escape its duties and liabilities and leave them for other member states to pick up.

There is a saying going round Brussels at the moment and it is very true: "If you are not at the table, you are on the menu". We are on the menu. There are many UK citizens working in Community institutions who are rightly concerned for their future. They have acquired rights and legitimate expectations which HMG must assume as part of the negotiation process. We are not just talking about Commission officials; we are talking about the whole spectrum of UK citizens involved with the EU and its institutions. Some are still working there, some are retired, some are the partners of deceased pensioners and some are married to citizens from other member states. On my books from the UK I have two widows in their 90s. I have another pensioner who has a daughter with Down's syndrome. Under our regulations, the daughter gets a pension; the mother is needlessly worried about the future, which was assured but is now thrown up in the air. HMG must face up to the consequences of this foolish decision.

Vice-President Georgieva has been in charge of this in Brussels. At a meeting with staff representatives, one of them said:

"I am coming up to retirement, will my pension still be protected by the Protocol on Privileges and Immunities? And what are the 'red lines' for negotiations with the UK regarding UK officials?"

They then went on to point out that many staff have worked in London and in other places and agencies all their lives. She was asked whether she could reassure them. The Commissioner's answer was not reassuring. She said:

"All Member States bear responsibility for the pensions of EU officials".

So far, so good. But, she continued,

"there is no guarantee that pensions will remain protected, such a discussion will have to be factored into the negotiations. As long as the UK remains a member of the EU pensions will be paid from the Community budget; if the UK becomes a third country, it is clear they cannot be bound by the protocol".

In other words, these civil servants are in a position whereby not only are their jobs under some threat—although, as they are engaged by the Community, they are probably okay there—but their futures are under threat.

I said earlier that many different institutions and groups of people are affected. Most Community officials live in one of the two main places of work, either Brussels or Luxembourg, and most of them work for the European Parliament or the Commission. However, there are the other institutions, such as the European Court of Justice and the Court of Auditors, and the specialist agencies spread throughout the EU, including the European Medicines Agency based in London, which is now the subject of a bidding war to move it from London, with Italy currently in the lead to take those jobs away. All those bodies have UK staff members and they have people who are dependent on the protocols and immunities that we have agreed.

I have mentioned marriages and civil partnerships between UK nationals and those from other countries. The head of administration for pension funds is married to a Swede, who has never lived in the United Kingdom and works for the Commission. She has a reasonable right to expect her pension to be paid when it comes due, through her husband, if he predeceases her. So there

[LORD BALFE]

are many instances of marriages—and, of course, most staff working for the EU have properties in Brussels, Luxembourg and other places, and children in school there. We are inflicting a huge upheaval on our staff.

What I am looking for from the Minister is three short things. First, I would like to hear a word of sympathy and understanding, which has not been heard from this Government. Secondly, I would like an acceptance that the negotiating mandate when drawn up will include an acceptance that all the acquired rights and legitimate expectations will be met. Thirdly, I know that it is presently too early, but I would like the agreement of the Minister to facilitate a meeting between representatives of the affected personnel and others with the appropriate Minister for the exit negotiations at the appropriate time.

This whole issue has sent a shiver down the spines of servants of all our international institutions. One of the candidates for Conservative leadership is pledged to withdraw from the European Court of Human Rights—or she was until she rewrote her manifesto. But there are numerous institutions. I serve on the pension fund board of CERN, the leading physics laboratory in the world, where people are worried whether Britain will withdraw from it. She could withdraw from CERN. We need to get our act together and remember that if we want the best civil servants to go from Britain and represent Britain in international institutions, they have to be treated with sympathy and decency, which I have not yet perceived as part of this debate. I look forward to it arriving.

6.57 pm

Baroness Crawley (Lab): My Lords, it is a pleasure to follow the noble Lord, Lord Balfe.

Speaking to a fellow Peer last week on the Lords Terrace, who I knew had a great interest in all things European, I said, “I suppose you’ve read Article 50”. He said, “Read it? I wrote it.” Only in the Lords.

A week is a long time in politics, as Harold Wilson once said, and two weeks is a lifetime. In that time, nearly all my adult certainties have dissolved around me. As a former MEP, like my noble friend Lord Cashman, representing Birmingham in the 1980s and 1990s, I wonder what it was all for. Were the last 40 years the high-water mark for our country’s environmental, social and workplace rights? As someone personally involved in the original EU maternity leave directive in 1992—one of its midwives, if you like—I am particularly angry that we are turning our back on such EU legislation, which has helped hundreds of thousands of British women each year, enabling them to enjoy substantial time off with their newborn babies and to get paid while they are on leave. They are entitled in law—that is, EU law transcribed into British law—to have their job back when their leave ends.

British Governments have not always been enthusiasts for EU workplace rights. In fact, they had to be dragged kicking and screaming even to abstain on the original maternity leave directive, as I recall. So what will future workplace rights look like for a Government now burdened by a slowing economy? Like so much else, we do not know. Will our major cities and

conurbations see again the great surge of infrastructure projects and renovation that Birmingham and the West Midlands saw in the 1990s and 2000s—activities made possible by the partnering of EU funding with public and private investment, leading, as it did, to new road and rail infrastructure, the extension of the NEC, the new Symphony Hall, the indoor athletics arena and of course the complete restoration of the city’s 18th-century canal system? “More canals than Venice” was our boast—in a Brummie accent.

No, we will probably not see such partnership again, which is a pity because it was that surge in activity and the jobs that came with it that helped cities such as Birmingham recover from the recessions of the 1980s. It also brought new hope, new prestige and inward investment into that city from firms, many of them European, setting up their HQs there and using the EU rules of free movement of people, goods and services to do so: rules that we rejected on 23 June—indeed, which a majority of the voters of Birmingham and the West Midlands rejected on 23 June. Understanding the underlying causes of that rejection is a huge responsibility for those of us in political life as we move forward, listening ever more closely and acting on inequality and alienation.

The people have spoken and, as a democrat, I must accept the result. However, I am incandescent that such an important question as our membership of the EU, impacting, as it will, on our lives for many decades, was decided in such a simplistic, binary manner and that so many falsehoods and downright lies were allowed to become popular wisdom, leading to so much xenophobia in the campaign and giving a licence for it to continue beyond the campaign, with the police recording an alarming increase in race-hate incidents in the last 12 days.

Where do we go from here? I understand that Andrea Leadsom has called for Article 50 to be triggered as quickly as possible. This is a bit like Captain Smith telling the harbourmaster to let the “Titanic” sail from Southampton as quickly as possible. It is as if we have forgotten that we live in a globalised economy—an economy which may bring prosperity to us all in the UK but will also certainly bring some disruption and harm. We cannot deal with this global reality by declaring UDI for Milton Keynes—for that is precisely how so many global forces, such as China and the USA, will be interpreting Brexit. It will seem to them like an act of provincial suicide, cutting off our neighbours to spite our future and retreating into a cardboard fortress that will be of no help to any of those left inside. My belief continues to be that the EU is an economic NATO. Its much-derided officials keep us from harm while we work, just as our soldiers keep us from harm while we sleep.

In conclusion, I echo the countless questions being asked tonight in families and businesses up and down the country. Will there be an end to present financial uncertainty—Aviva’s decision today is a case in point—or is this merely phase 1? Are our mortgages, savings and pensions safe? Who is going to invest in all those UK businesses exporting to Europe? What is Parliament’s ultimate role in our leaving the EU? What is to become of London’s special financial status? What about the

Brits living abroad? Can our farming communities remain robust? Will our young people's opportunities expand or contract? Will those workers and their families from Europe who are here now be able to stay? Like many noble Lords, I most certainly hope that they will be.

As the daughter of an unskilled Irish immigrant who remembered those signs on the windows of boarding houses in the 1950s, "No blacks, no Irish, no dogs", I feel particularly aggrieved at the whipping up of fear over immigration during the campaign. I hope that in the coming months we will take a calm, collective deep breath before rushing headlong into Brexit and get the very best deal possible for this country after the deluge. That will take leadership, which is lacking today in the Government and, certainly, in Her Majesty's loyal Opposition, but I hope that I shall still be around to see a future Labour Government take us back into Europe—a Europe and a UK no doubt chastened and reformed by this searing experience.

7.05 pm

Lord St John of Bletso (CB): My Lords, in my 37 years in your Lordships' House, I have never known a time of so much uncertainty and public division as in the run-up to the referendum. Now is not the time for post-mortems—judgment has been passed—but now is the time to address the future with a positive approach. While I was firmly in favour of remaining, despite my many misgivings and the many failings of the efficacy of the European Union, I respect the result and feel that it is highly unlikely that we will have another referendum. I share the concerns of many of your Lordships—especially those of the most reverend Primate the Archbishop of Canterbury, who made a most moving speech—about the need to stand united to counter threats of xenophobic behaviour and hate crimes. Now is the time to promote unity and tolerance, provide a clearer road map for the future, attempt to dispel the many uncertainties and consider all the viable options—not that there are many.

The choices facing the United Kingdom form a spectrum. Clearly at the one end is sovereignty and control of immigration and at the other end is full access to the single market. There is no perfect solution. Everything depends on what the UK regards as vital and what the European Union is prepared to agree. I agree with noble Lords who have cautioned about being in no rush to trigger Article 50. We should not forget that we are the fifth-biggest trading country in the world and the second-largest economy in Europe.

On 9 September, our new Prime Minister will face an epic balancing act to interpret the meaning of the referendum, weigh it against what is economically desirable and politically workable and turn it into a negotiating plan. In the past week, among the mass of media coverage, we have heard of various options before we potentially trigger Article 50. There is the Norway option of joining the European Economic Area; there is the Swiss option of being a member of the European free trade area; there is the third option of trading with the EU as a member of the World Trade Organisation, creating a relationship similar to that which the United States, Australia and China have with the European Union; and finally, there is the

option of leaving the single market, with the UK negotiating a preferential trade agreement with the European Union, which is sometimes referred to as the Canada option after the comprehensive economic and trade agreement negotiated between the EU and Canada. Each of these options has its major shortcomings, and clearly there are no easy choices, but we should not underestimate the value of passporting for international companies that have decided to have their headquarters in London and the United Kingdom. I understand that several major law firms have been working around the clock providing contingency plans for many international companies that have their headquarters here, are seriously concerned about what will happen if we trigger Article 50 and are potentially looking to move their headquarters to Frankfurt, Paris or Dublin, which will obviously result in thousands of job losses.

I hope that, in addition to the reassurances given by the Governor of the Bank of England, the Chancellor will deliver on his hint to reduce corporation tax and encourage more multinationals to invest in the United Kingdom. Concerns have also been expressed about the collapse of the property market. To this end, I hope the Chancellor will consider the option of reducing stamp duty, which has had a major dampening effect on property trading.

A point that has not been discussed much today is how will Brexit impact on the United Kingdom's technology sector. The United Kingdom has been a leader in promoting a digital economy, and so much has been achieved in job creation with Tech City and the digital single market. Big data, artificial intelligence, and the internet of things, as well as nanotechnology and robotics, are all set to change the workplace of tomorrow and the future of skills, employees and managers. I declare an interest as advisor to the board of Silicon Valley Bank. It is well known that, since the Brexit vote, many international investors have hit the pause button. Confidence is seeping with this uncertainty. It is imperative that, just as the Governor of the Bank of England has given assurances to the financial sector, so too should there be a lot more reassurances to the tech sector.

Coming so far down the batting order, most of the points that I wanted to address have already been covered by other noble Lords. My children, except for my stepdaughter, all voted to remain in the EU. They were, and are, all concerned about the younger generation's job prospects after they leave university. They were all concerned about the impact that Brexit would have on university funding and grants—a point that has been raised by my noble friend Lord Bilimoria and the noble Baroness, Lady Royall.

I would like to reinforce the strong calls by my noble friend Lady Kidron and the noble and learned Lord, Lord Wallace of Tankerness, that our Government need to promote hope for our youth, who need their voices to be heard.

In summary, I repeat my call at the beginning of my speech, that while we have taken a large step into the unknown and into uncharted waters, now is a time for promoting tolerance and unity, for a more considered and realistic roadmap for the future and for strong leadership.

[LORD ST JOHN OF BLETSO]

In the words of the late Jo Cox in her maiden speech,

"we... have far more in common than that which divides us".—
[*Official Report*, Commons, 3/6/15; col. 675.]

7.13 pm

Baroness Hooper (Con): My Lords, at the first direct elections to the European Parliament in 1979, I had the good fortune to be elected to represent Liverpool, my mother's home town. Those were the days of single-member constituencies, which we all regret. One bright spot when the results of the referendum came through 11 days ago was to hear that Liverpool, unlike many other northern industrial cities, had, overall, voted to remain. This is, of course, in part, because Liverpool, as a once-great port, is internationally minded and outward-looking. But I like to think it is also because the funding from both the Social Fund—which kicked in after the Toxteth riots in the early 1980s—and the European Regional Development Fund had been appreciated.

It was a privilege to serve in the first directly elected international parliament in the history of the world. It was an aspirational place, motivated by all the possibilities that a united Europe, a peaceful Europe and a dynamic Europe could be a new force for progress, development and good in the world. There are a number of former Members of the European Parliament and indeed commissioners in your Lordships' House, but I think only my noble friend Lord Balfe and I represent the 79-ers. One of the key successes of that first Parliament and of the European Union, the single market, came out of that first Parliament. I still call it a key success in spite of the persuasive words to the contrary from my noble friend Lord Blencathra.

I can remember how the late, lamented Bos Ferranti and the German Member Dieter Rogalla started the campaign for the single market in the early 1980s. It was pounced on by others, notably Margaret Thatcher, who felt that this was a policy to which she could give wholehearted support. Indeed, I made my maiden speech on the freedom of the skies. This illustrates that, when the United Kingdom took a leading and positive role, it led to benefit for all. There are other rare examples of this but, on the whole, the United Kingdom has seemed a reluctant and negative member and this has influenced the general public.

Like many others, I worked in the remain camp and was bitterly disappointed by the result, in spite of the fact that almost half the voting population voted to remain. It was a close call, but it was clear. Like others, I deplore the exaggeration and vehemence that characterised the campaign and particularly the false and misleading representations which I heard from some Brexiteers who, as has been remarked already, planned for exit without having an exit plan, and who now seem largely to have disappeared from the front line. If there was a Project Fear, it was on that side.

Today, however, we are faced with the result and we must look ahead to our future outside. Whatever is negotiated to define our relationship with the remaining members of the European Union, I hope it will be as

positive and constructive as possible. It is, after all, breaking new ground for a country to secede, so we should not feel constrained in considering all possible options and aspirations. The important thing is that the negotiations should be carried out calmly and courteously. I agree with much of what has been said about our place in the single market, world trade, not turning our backs, immigration and all those who must be rejoicing over the weakening of what had appeared to the rest of the world as a successful, solid, democratic and united bloc.

There are a few particular issues I wish to raise in the context of negotiating the new relationship. The overseas territories, for which we have responsibility—11 tiny territories, from Bermuda, now the largest, to Pitcairn, the smallest—all made it clear that they hoped we would remain part of the European Union. The one most greatly impacted and the only one geographically within the European Union is, of course, Gibraltar. The people of Gibraltar are still in shock, because the result of the referendum puts at risk Gibraltar's current successful economic model and exposes it to new threats from Spain. There are two key issues for Gibraltar: the freedom to provide services and a free-flowing frontier. I hope, therefore, that my noble friend Lady Anelay, in her unenviable task of winding up this huge debate, can give us some reassurance that Gibraltar will also be able to participate in the negotiations and will form an integral part of whatever agreement is worked out between the United Kingdom and the European Union. Can she also give us her reaction to the novel suggestion that constituent parts of the United Kingdom, notably the nations that voted to remain—and of course that includes Gibraltar, Scotland and Northern Ireland—could together continue their European Union membership under a new definition of the term "member state, United Kingdom"?

My other particular area of interest is Latin America. The noble Lord, Lord Brennan, made reference to the trade opportunities in that region. Any country with which I have had recent contact is completely incredulous that we should have chosen to leave.

The European Union has treaties with Mexico, Central America and Chile, and negotiations are ongoing with Mercosur, whose members include Argentina, Brazil, Uruguay and Paraguay. I now challenge the Government to give priority to negotiating new trade treaties with many of these countries, and perhaps especially with Mercosur, where the European Union has found things very challenging.

This debate has, quite rightly, concentrated mainly on general principles and major issues, but many other issues also require special consideration. There is so much to unravel. I trust that this debate will be seen as an important early contribution to the thinking and preparation of our new status. As the noble Baroness, Lady Royall, said, it would indeed be nice to know who our negotiators will be. Whoever they are, I wish them the very best of British.

7.20 pm

Lord Carlile of Berriew (LD): My Lords, it is always a pleasure to follow the noble Baroness, Lady Hooper. On matters European, she brings to this House both

knowledge and wisdom. She may also still be the most popular Conservative in Liverpool—admittedly a relatively small cohort but still a great distinction.

I wish to headline my comments with a question. Where does Parliament stand in all this? I propose to address some of the comments raised by, for example, the noble Lord, Lord Kerr, the noble and learned Lord, Lord Brown, and others earlier in the debate, but I want to focus on the process that follows the referendum, especially the role of both Houses of Parliament. In that context, we in this House are entitled to assume that Her Majesty's Government have assessed the legal and constitutional consequences, and I believe that in the closing of this debate we are entitled to hear what advice the Government have been given about those consequences. I will not hold my breath but it will be astounding if they have not been analysed properly.

What concerns me, among other things, is the relationship between democracy and democracy. We do not legislate by referendum but it is part of our democracy. I suggest to your Lordships that, in adopting one expression of our democracy—the occasional referendum—we should not supplant another, permanent element, which is the deliberative democracy we have in Parliament.

I wanted, and voted, to remain but I recognise that we must respect the result of the referendum. However, that does not mean that we slavishly leave the European Union whatever the terms may be. I suggest to your Lordships that the clear duty of the Government and of both Houses is to attempt in good faith to give effect to the will of the majority expressed in the referendum. However, I also suggest that it is absolutely clear, as a matter of law, that Parliament would not be bound to give effect to the referendum if the only terms on which the UK could leave the European Union were shown to be seriously damaging to the national interest. Indeed, I cannot believe that the leave campaign wanted to damage the national interest.

To put it another way, I invite the noble Baroness, in responding to this debate, to confirm the following: that, despite the referendum result, if empirical analysis of negotiations shows that the disadvantages faced by the United Kingdom on leaving the European Union are disproportionately damaging to the national interest compared with the advantages of remaining, Parliament will properly have the right to show its will accordingly. I believe that the answer to that must be, “Yes. Parliament would have that right”, but we are entitled to know the Government's view.

Lord Lawson of Blaby: Will the noble Lord—

Lord Carlile of Berriew: Perhaps I may be forgiven. I turn now to some narrower legal issues. I ask the noble Baroness, in responding to the debate, to explain the effect, if any, of Section 2(2) of the European Communities Act 1972. As I understand that section, if the trigger to leave the European Union, as seems to be agreed, is the Article 50 process, that process falls squarely within Section 2, and I shall explain in a sentence what that means. To pull the trigger of Article 50, Section 2(2) requires the Government, at the very least, to obtain the consent of both Houses of Parliament

to a requisite statutory instrument. If that is so, does not Parliament have a legitimate expectation that considerable detail of the proposed terms of exit from the European Union will be disclosed as part of the relevant statutory instrument, or at least in the Explanatory Notes, and that it will therefore be a transparent part of the proposed Article 50 process?

Do the Minister and the Government agree that the ultimate decision to leave after the Article 50 process has been completed is one for which legislation is required and for which, therefore, the views of both Houses of Parliament are necessary? At the very least, even if legislation is not required, can the noble Baroness agree in due course that for so momentous a decision as leaving the European Union, which I suggest—I hope without extravagance—is comparable to a decision to be involved in a war in some part of the world, the Government should accept that a fully informed decision must be required of Parliament, or at least of the House of Commons, the elected House? In sum, I am saying that we need to know the legal position. This House and the other place need to understand the legal rules behind this process. An attempt was made to explain them in a paper published a couple of months ago but a host of questions have arisen ever since.

Finally, I ask the Minister to explain how this House and the other place are to be informed on a real-time basis of the work of the team led by Oliver Letwin MP, as announced by the Prime Minister. We have an excellent House of Lords committee, chaired by the noble Lord, Lord Boswell of Aynho, who spoke earlier, but that is surely only part of the picture. Would it not be sensible for a Joint Select Committee of both Houses to be established for the specific purpose of providing scrutiny of this most important process?

A complex historic process has been commenced by what I regard as a simplistic binary question. Many untruths and half-truths were told during the referendum campaign, possibly by both sides. Now, we need confirmation that, in contrast, the parliamentary part of the process will be legal, decent, honest and, if truthful is too much to ask for, at least reasonably well informed. Pericles, one of the great originators of democracy, said:

“Although only a few may originate a policy, we are all able to judge it”.

I suggest to your Lordships that Parliament should be allowed to judge this issue in an informed way—not one that is slavish to the referendum—before a final conclusion is reached.

7.28 pm

Lord Hennessy of Nympsfield (CB): My Lords, we are living through a molten time for our people, our politics, our society and our country. We are living in the aftershock of an extraordinary event of a magnitude which, in my judgment, none of us has experienced in peacetime. In my lifetime—I was born in 1947—there has been but one geopolitical shift that comes near to it. I refer to the disposal of the British Empire—another dash for the exit. That remarkable transition, however, was very different from the caesura of Thursday,

[LORD HENNESSY OF NYMPFIELD]

23 June 2016, as it took place over several years, its timetable was largely, if not wholly, in the hands of UK Ministers and it left remarkably few scars on the surface of our country's emotional geography.

The decision to leave the European Union, although its ingredients were long in the making, was, by contrast, sudden and breath-taking. It was as though all the dials needed resetting almost in one go. Whitehall departments were unprepared, as other noble Lords have mentioned. Apart from the Treasury, which had plans in place with the Bank of England to stabilise the markets, government ministries were expressly forbidden to draw up contingency plans for exit.

We may pride ourselves on being a back-of-the-envelope nation, but this was excessive. Never have I encountered so many people with so few ideas about what to do in the face of a first order crisis. The litany of post-war crises, which, as a professional historian, I write about from time to time—the sterling devaluations of 1949 and 1967, the Suez affair of 1956, the IMF crisis of 1976 and Black Wednesday in 1992—seem mere blips on the radar screen in comparison.

Never in my lifetime has our politics seemed so envenomed, poisoned still further by a palpable dearth of trust between the governed and the governors. All this at a time when our two major political parties give every appearance of eating themselves, with copious tranches of nervous energy absorbed by their internal stresses and strains.

In my judgment, the referendum result was like a lightning flash illuminating a political and social landscape long in the changing, exposing yet again fissures we knew about—disparities of wealth and life chances—but whose depth and rawness I admit I had not fully fathomed.

What can be done? Winston Churchill, that supreme wartime crisis manager, had a favourite phrase about “rising to the level of events”. That is our pressing duty—all of us in public and political life and the civil and diplomatic services too.

It is time to stand back and take a long, candid and careful look at ourselves. May I suggest that we need two separate but related inquiries? First, our place in the world. Can we, should we, still aspire to punch heavier than our weight in the world in the way that we do when on autopilot as a nation with a remarkable past and a continuing and sustained appetite for global influence? Secondly, we need to look at our internal constitutional arrangements—the relationships between the nations, regions and localities of the United Kingdom. In my darker moments, I think that 23 June lit a fuse beneath the Union. I profoundly hope not, as a man who loves Scotland deeply and cherishes the union of the United Kingdom almost beyond measure.

My preferred instruments for these inquiries would be a pair of royal commissions—an ancient institution, rusted by disuse, but it is time to unsheathe it. Failing that, perhaps a brace of Joint Committees of Parliament.

Of one thing I am certain: now is the time to think above our weight, to draw deep from our wells of tolerance and civility; perhaps even to fashion a new political vocabulary to help us think aloud together as a people and a nation about what is to become of us;

to rise to the level of events; and perhaps even to surprise ourselves and the watching world by the quality, the care and the foresight of what we do.

7.33 pm

Lord Flight (Con): My Lords, the Government need to start talking up the UK economy now. The UK has had the most remarkable success in recent years in the explosion of new businesses in new technology areas, offering huge scope for the future and huge opportunities for investment. The eventual result that I believe will come about will leave us trading much as before with the EU, but there are huge trading opportunities with India and China. America, interestingly, is coming round to proposing free trade with the UK. The Chancellor has promised to lower corporation tax to 15%; 12.5% would compete with Ireland and be very attractive for company headquarters here. However, the Government need to spend the next two months explaining urgently why Britain cares deeply about attracting investment and jobs and what we have to offer.

I declare my interests in the register and it would be appropriate for me to talk specifically about Brexit and the City. At a macro level, the importance of our financial service exports to the EU should not be exaggerated. Some 50% of our total financial services are exported, of which only 30% go to the EU—that is, 15% of the total. This represents about 1.2% of GDP. The largest exporter is investment management, of which 80% is non-EU. As to those firms that wish to engage in the retail business in the EU, most already use Luxembourg or Dublin UCITs. Eighty-eight per cent of insurance exports are to locations other than the EU—North America and Asia. The most affected sector is investment banking and related banking, where 80% of EU capital markets business has been done in London. The big players in London already have operations on the ground in continental Europe but may look to move significant numbers of staff out of London to their continental European operations if we do not end up with access to the single market.

The financial services industry overall is of major importance to the UK economy and our largest industry. In aggregate it employs 2.1 million people and raises £66.5 billion a year in tax. Together with other related services, it accounts for a total of £75 billion of overseas income. There are also obvious multiplier economic effects from the expenditure of those working in the sector. It is, therefore, a valid point that we do not want our biggest industry damaged as a result of Brexit.

Therefore, the issues are: what sort of deal should we aim for; how should we organise and negotiate it; with whom should we negotiate; and how strong is our negotiating position? First, we will need a tough negotiating team under the Cabinet Office, which has been set up. I note that it is under the Cabinet Office and not the Foreign Office. I suggest that this should also include experienced senior politicians—for example, the two ex-Chancellors in this House, the noble Lords, Lord Lawson and Lord Lamont, and, potentially, Peter Lilley, who handled the introduction of single market regulations in the first place. It also needs to

contain talented business representatives such as Luke Johnson. From a domestic perspective, it might be worth while including Nigel Farage or his successor. Among other things, this would give representation to the many who voted for Farage. It would also help to deflate the elitist attack on ordinary folk who voted for Brexit.

Before we activate Article 50, we would be wise to work closely with Germany in formulating what I will call a “heads of agreement”. Our negotiating position is, in principle, strong, reflecting both the EU’s huge trade and current account surpluses with the UK—the latter in excess of £100 billion per annum—and that the EU could not impose a harsh settlement on the UK to prevent a domino effect while, at the same time, seeking to manage a major banking crisis in Italy and to nurse the eurozone back to health. Failure to mend fences with London would risk a financial and economic crisis in the EU, exposing the disastrous economic and financial effects of monetary union. As Italy’s Finance Minister has commented:

“There is a cocktail of factors that could lead to disintegration”, and:

“We face a double reaction from Brexit: financial and political”.

Clearly there are also domestic political considerations. While there was a clear Brexit majority, 48% voted to remain, and there is a need to get whatever will be the required measures through the other place, where there is obviously a substantial remain majority. The new Government would be wise, therefore, to opt for a sensible and broadly acceptable compromise package for the next few years and, certainly, to achieve single market passporting.

If required as a sweetener, we should be willing to agree to contribute a reduced amount to the EU budget. The loss of the UK contribution, which net will be about £10 billion next year, is a serious financial issue for the EU.

The ideal package would be a free trade deal between the UK and the EU, with the UK withdrawing from the free movement of EU citizens, and passporting of financial services based on equivalent regulation applying to the UK financial services that are exported to the EU and as provided for under MiFID2, which is effective in 2018. Such a package is achievable and would be in the interests of the EU as well as the UK. It may be that it would be packaged as EEA membership but that would clearly work only if the EU agreed that there would be no free movement of EU citizens to the UK. That could be achieved by going back to the pre-Maastricht rules guaranteeing only the right to work, or by following the model of Liechtenstein, which is a member of both the EEA and EFTA but has been allowed to opt out of the migration issue.

The City has indicated that that it could live comfortably with the EEA option or a hybrid version that safeguarded EU passporting for financial services. But I repeat the point that others have made: as the leave campaign promised, we need to agree and clarify the rights of EU citizens already resident in the UK to remain when we leave the EU. That is something we might be able to agree with the EU right now.

7.40 pm

Lord Davies of Stamford (Lab): My Lords, I suppose it is a pleasure to follow my old friend the noble Lord, Lord Flight, but as usual, I disagree with almost everything he has said. However, it has been a revealing and worthwhile debate and I was particularly struck by the analyses of the noble Lords, Lord Butler, Lord Kerr and Lord Carlile, all three of whom have a higher regard than I for the result of the referendum. I consider it to have all the legitimacy of a transaction based on a false prospectus. Of all the deeply depressing aspects of our country’s current prospects, the one that I find saddest and most disturbing is that we have chosen to commemorate the 100th anniversary of the Battle of the Somme by rekindling the fires of nationalism. What a horrible message to send externally or internally—and internally, we have already seen some of its results.

A lot has been said about the economic damage of Brexit, and I will come on to that, but not much has been said about the non-economic assets that we shall lose if we proceed to Brexit. They are very important and I want to say a couple of words about them. We in this country essentially have two citizenships: our own and that of the European Union. The latter gives us the right to be treated as a citizen by 27 other countries, and to work and study abroad. At an earlier stage of my life, I had the wonderful experience of working and living in Paris for three years. All I needed to do was to put my things in the back of my car, drive over to Paris, turn up at an office the next day and start working. I did not have to apply for a work permit, to go through an Australian-style points system or to report to the police every three months; I did not have to deal with any bureaucracy at all. The younger generation will not have that benefit and their interests have been seriously betrayed in this matter.

Part of what EU citizenship gives us is the right to free medical treatment on the continent. Elderly people and those with existing medical conditions might not be able to travel on the continent at all without that assurance. That would be a very severe change in their quality of life, and a rather horrific prospect. There are all sorts of smaller things, too. If you are having a wedding or other major celebration you will not be able to go over to Calais and buy some drink at French prices. As a result a lot of those celebrations will not take place, or not in the same way. That will be very sad. We should think about these things now because within the next few years we will miss them very much when, if we are not careful, it is too late to do so.

I do not want to repeat what has been said on the economic impact. I think it will come home to people in the next few weeks. They will notice an increase in prices when they go to the supermarket, fill up with petrol or pay their fuel bills. Incidentally, the Brexit campaign told people that fuel costs would fall if people voted for Brexit because fuel duty would be reduced. In fact, the reverse is happening. People have been lied to, hoodwinked and cheated—no other words in the English language more accurately describe the situation.

The uncertainty being created is particularly damaging but over the long term, as the noble Lord, Lord Flight, himself acknowledged, it will be a very serious matter

[LORD DAVIES OF STAMFORD]

if we lose the banking and insurance licences on which some of the highest-value aspects of the City and London's position as the capital of the single market are based. I think the noble Lord underestimated those important points.

The Brexiters and the Government say, "That's all right, we'll have a negotiation and everything will be fine". We will get the best of all possible worlds, we hear: we will have full access to the single market as we do today, we will not need to pay anything to Brussels and we will not have freedom of movement. It is most unlikely that we could make such a deal. First, the Brexiters, including the noble Lord, Lord Flight, are completely wrong about the balance of advantage and disadvantage in the prospective negotiation. At stake in our trade within the single market is 14% of our GDP in exports. No country, other than the Republic of Ireland, has exports to the UK that are more than 3% of its GDP. We shall in fact have a discrepancy of four or five times our relative bargaining power in those negotiations. Why would the continentals agree the deal known colloquially as Norway-plus? I can think of at least five reasons why they would not, and there may be others.

The first is a matter of elementary logic: the Prime Minister was unable to negotiate such a deal in February when there was presumably an incentive for the continentals to make concessions, in so far as they wanted us to stay in the European Union, as I believe they genuinely did. Why would they not make such a deal when there is an incentive but make one when there is none? Secondly, the European Union as a whole has made it clear for many years that it is not interested in bespoke deals. It did one with Switzerland but that has not had a happy outcome and it is not going to do it again. It will want to maintain the credibility of that position and is unlikely to change it.

Thirdly, I do not think that the European Union will want to make a concession to us which will cause a precedent for other countries which might want to leave it. Fourthly, to give us a better deal or Norway-plus is an insult to Norway. I cannot imagine why in heaven it would want to do that at all. It makes no sense to me. Fifthly, any bespoke deal would take years and years to negotiate. At least if we have the Norway deal—the EFTA or EEA deal—the template is already there and the negotiations could be shorter.

We will find ourselves with a choice of three regimes: the status quo; the EEA deal that Norway has, which involves freedom of movement and financial contributions to Brussels; and the Lawson approach. The third of those would cut the ropes altogether, leaving us to sail away and deal with the European Union rather on the same basis that Paraguay does. Faced with that choice, what would a rational man or woman decide? The public can make a rational choice only when faced with the actual alternatives, which may be those that I have set out. But if others can be negotiated contrary to my expectation, so much the better. The public cannot make a rational and fair choice unless they honestly see the alternatives, just as you cannot go into a store and make a fair choice unless you see the range of goods available. The same holds for when you buy a house or make any other decision, such as an investment

decision about going into gilts or equities. Of course you would want to look at the options separately, and the British public must be given that opportunity. On that, I agree with the noble Lords, Lord Butler, Lord Kerr and Lord Carlile.

It would be a denigration of democracy to deny the British public a say when we know what the real possibilities are from which they might want to choose. We can then be absolutely straight with them, and I hope there could be an honest campaign in which they look at the advantages and disadvantages of all those regimes. It may well be that when they actually look into the abyss, they will decide they do not want to jump in. But if they do decide to do so knowing what it is, at least that decision will have democratic legitimacy.

7.48 pm

Lord Curry of Kirkharle (CB): My Lords, I will try not to duplicate previous contributions to the debate. Unlike many of the comments I have heard over the past 10 days and again today, I am not going to indulge in spilt milk. I believe that we should accept the referendum result and move on. I should like to comment on two issues that arise as a consequence of the result, both of which are extremely important and relevant to the debate. The first is the impact on agriculture and the second is about legislation. My interests are as recorded in the register, but let me refer to three. I farm in Northumberland and I am a beneficiary of the EU basic payments scheme. I chair the Prince's Countryside Fund and until the end of last year I was the chair of the Better Regulation Executive.

Some 40% of the EU budget is spent on supporting agriculture through the much-maligned common agricultural policy, so Britain's farmers have a keen interest in the withdrawal process and life after the CAP. The common agricultural policy has dominated agricultural policymaking for almost 40 years and reforms have taken place every five years or so. The consequence of this process is that no sooner did we complete a round of reform than we began on the next. For those not familiar with the agricultural sector, let me explain why support from the CAP is so important.

We no longer subsidise food production in Britain, with a minor exception in Scotland. Farmers continue to receive an annual payment, which has certain obligations attached known as cross-compliance. The principle, which was promoted in a report I was responsible for in 2002, of justifying public support only for the public goods that farming provides which the market does not deliver is important. This principle was endorsed in the recently published report by EU Sub-Committee D of this House, of which I am a member, on the resilience of the farming sector in the light of commodity price volatility. Farmers care for the countryside and the landscape of Britain, they deliver environmental management and habitats, contribute to food security and are critical to a successful tourism sector. These are outcomes for which the market will not reward.

The basic payments scheme is the tool to reward farmers for these outcomes. Most farmers would prefer not to be dependent on this payment and accept that it will be diluted over time, but for now and for the

medium term it is essential. As noble Lords will be aware, there is currently huge pressure on farm incomes due to prolonged low commodity prices, particularly for milk but for other commodities too. A recent report commissioned by the Prince's Countryside Fund found that 20% of farming businesses are in fairly serious financial difficulty, with more than 50% dependent on other sources of income outside farming—and this with the benefit of the EU basic payment scheme. Without it, at present a significant proportion of farmers would have to shut up shop, so a sensible transition from the current system of EU support to whatever emerges from the negotiations as a domestic policy to replace it is essential.

Despite the red tape, the form filling and the bureaucracy, the funding is important. Farmers are rightly concerned that with the attitude taken by the UK Government in successive EU reform negotiations, this support could be at risk. The UK Government have led the pack of EU member states trying to drive down the costs of the common agricultural policy, so the concern is real. I am not demanding a continuation of subsidies for farmers, but I am requesting that future policy design is cognisant of the need for a smooth transition, otherwise we could seriously undermine confidence in what is a vital component of the UK's largest industry sector by far, the agri-food industry. I understand that last night the candidates for the Conservative leadership did commit to continuing support for agriculture, which is very reassuring, so why do I still feel uneasy?

An additional factor which is of concern is the vital access to EU markets for our produce. Of course this is reciprocal and EU member states will want access to our market, but I should remind the House that approximately 40% of our sheep-meat is exported to other EU countries, particularly France. No other commodity is so dependent on EU markets. This market has been developed over a period of 20 years and is vital to our sheep farmers. Members of the House may recall that we have had a few problems in the past on this issue. We do not want a return to the dark days of lamb wars.

I am very encouraged that the response to the referendum by the National Farmers' Union is to take a positive approach and begin to debate the key issues that should be considered within a new policy framework while we wait for the new Prime Minister to pull the trigger on Article 50. I have listened with keen interest to contributions from many wise Members of this House on this subject today.

I am, however, extremely concerned about the potential for delay in the timescales involved in the negotiations. This was commented on earlier by other speakers. The sooner we communicate the process, the better in my view. The scope for negotiations to become extremely complex, to miss deadlines and to drag on for years and years with continuing uncertainty for the entire business community, including the agri-food sector, is a real and unwelcome prospect. We need a plan with realistic but stretching deadlines as a discipline to frame our negotiations so that not only industry and institutions can plan and monitor progress, but the public can too. This is hugely important.

I also endorse the comments made earlier on the essential need for scientific funding which is currently available from the European Union for our research institutions. If we are to address the productivity challenge that we face here in Britain, we need to invest in science. We need a commitment that the Government will continue to meet that science obligation.

Let me address the concerns I have about the regulatory world, having only recently stood down as the chair of the Better Regulation Executive. Others have already expressed concerns about this subject. Approximately 50% of our regulation originates in the European Union and all of it will have to be reviewed and retained or replaced. Let us take the opportunity to try and reduce regulatory burdens in the process. One of the reasons for the support to leave was that of perceived intrusive EU regulations, so we now have a unique opportunity to design "fit for purpose" regulation that supports business growth and positions the UK as a great place to do business.

My second concern on this subject is that of regulation that is currently in the pipeline from the EU or likely to be progressed during the exit process; it is an interesting dilemma. Having read the helpful report of the EU Committee, chaired by the noble Lord, Lord Boswell, on withdrawal from the European Union, I note that it is silent on the subject of whether we as a member state have to adopt EU regulation that is introduced during the withdrawal process. It would seem bizarre that we should introduce regulation that we might conceivably abolish soon afterwards. I hope that the Government have a view on this subject.

I could go on but other speeches have covered areas of concern. Let me just emphasise a point made by the right reverend Prelate the Bishop of Ely. Immigration policy must recognise how important seasonal labour is to the agri-food sector. Our highly efficient food producers, processors and manufacturers will have to move production overseas if they do not have access to seasonal labour. We actually have a great opportunity to increase our self-sufficiency in food and to reverse the current downward trends, as well as to increase our exports, but only if the key components are in place, including seasonal labour. I hope that the Government will recognise these important issues.

7.56 pm

Viscount Trenchard (Con): My Lords, I agree wholeheartedly with the views expressed by my noble friend the Lord Privy Seal in her opening remarks. It is not helpful that some noble Lords seem to be suggesting that the question of whether we stay in or leave the EU can be reopened or should be subject to additional conditions being met such as a parliamentary vote or a referendum on the terms of our departure. The position is clear. One year ago the Government were elected on the back of a promise to hold a referendum on the subject. The Prime Minister stated that the question was of such importance that the people should take the final decision. Your Lordships' House and another place assented to the Prime Minister's view and the referendum was held. It produced a clear majority vote to leave. Members on both sides of the debate have made exaggerated claims. Surely it is now

[VISCOUNT TRENCHARD]

incumbent on noble Lords to play their part in securing the best way forward for this country and to make the most of the new opportunities that our decision to leave offers us.

The country needs a Government who are confident in our future and will act with confidence. I was fortunate to represent a British bank in Japan during most of the 1980s. The high regard in which the United Kingdom under Baroness Thatcher's leadership was held by Japanese leaders of business and government during that period was of inestimable assistance to me in my task of securing access to the Japanese financial markets for the firm I represented, and through the British Chambers of Commerce and the European Business Council in Japan for other foreign businesses. I will travel to Japan next week and will meet the leaders of several companies that are major investors in this country, and shall carry a positive message about the future opportunities for them.

Of course I do not want to give the impression that I think it will all be plain sailing. Like other noble Lords, I welcome the creation of the new unit of government under my right honourable friend Oliver Letwin to negotiate Brexit. The unit must immediately be given powers to obtain full information from all departments of state on our interactions with the EU so that decisions on how to proceed can be based on hard facts and not on myths. I agree with the most reverend Primate the Archbishop of Canterbury, my noble friends Lord Lawson and Lord Lamont and others that the Government should give immediate and clear assurances about the endurance and permanence of the rights of residence of the citizens of other EU states who are living here and who have made this country their home.

There is much anxiety about the single market and what will happen to our trade with it in both goods and services if we leave. Some people argue that we should leave the EU but remain a member of the single market. They argue that our trade in goods and financial services will be seriously harmed if we do not negotiate continued access to the single market. If membership of the single market is so important, why has its trade with many non-EU countries grown so much faster than ours has? We can continue to grow our trade with the EU under WTO rules as a fallback position in our negotiations. If free movement of people is a prerequisite of access to the single market, we should walk away from it.

In any case, why is free movement of people essential to a free trade area? Is it only essential because the leaders of the European Commission and other European institutions think that the EU is a state and that its citizens obviously therefore have the right to live and work anywhere within its borders? Freed from EU procurement rules, the UK Government will again be able to level the playing field and award infrastructure contracts to British companies rather than state-owned foreign companies which can circumvent state aid rules. There are many harmful directives governing the way we run our businesses, such as the EU utilities directive. Social legislation, such as the working time directive, which is damaging to job creation, can be repealed or amended.

I was delighted to learn that the Chancellor has continued his policy of lowering corporation tax in a giant downwards move of 5%, to a rate of 15%. That level is not so different from the Irish level of 12.5%. Perhaps the Irish will decide to rejoin the United Kingdom, with equivalent status to Scotland, when their EU membership requires them to harmonise their corporation tax rate at a much higher level. That would of course remove any talk of a "hard border".

Freed from EU regulation the Government could do more to help the economy. How about creating tax-free enterprise zones around ports and airports? And the Government really cannot put off a decision on the third runway at Heathrow any longer. The Government could create tax-free or low-tax enterprise zones, some of them linked to the northern powerhouse project. We will be able to take many such new initiatives when freed from the shackles of EU rules.

Trading with the EU under WTO rules as a fallback position would not be so bad, given that the total paid in tariffs would be considerably less than the cost of our EU membership. The lower pound would also help our exporters reduce the deficit. It is highly questionable whether the single market in services is about trade liberalisation at all. As the late Ronald Stewart-Brown of the Trade Policy Research Centre concluded in his excellent report of March 2015, the single market in services, especially financial services and insurance, is much more about EU integration through EU-wide supervision and regulation.

As for passporting, the European regulator has recommended that the EU's fund management passport should be extended to Guernsey and Jersey. If the regulatory regimes in these two non-EU states are good enough for ESMA, surely our own FCA should be good enough too. In any case, passporting rights are significant only for the fund management and insurance sectors, whose aggregate exports to the rest of the EU, at £5.9 billion in 2013, were less than 9% of the UK's financial services and insurance exports worldwide, at £68.5 billion.

The Swiss Government are shortly to start renegotiating their trade agreements with the EU, following the decision of the Swiss people in a referendum to end free movement of people. That means that the two largest financial services markets in Europe will be setting up new arrangements for trade at the same time. This will surely provide an incentive for EU negotiators to honour the commitments they have made under the GATS, which confers rights on all WTO members.

We will have a very strong hand in negotiating a comprehensive new trade agreement with the EU covering goods and services. It should not be as difficult as many claim. After all, we start from a zero-to-zero tariff position. Furthermore, we might decide not to terminate our annual net contribution of some £10 billion immediately but to run it down over a reasonably small number of years. We will surely also wish to remain a member of European programmes such as the Horizon 2020 science programme, of which there are 15 non-EU members.

I hope that the new Government will move swiftly to start to work out a new relationship with the EU, which is what the people voted for and what many on

the remain side also want. That would be good for industry and for the City and we will even get on better with our European neighbours, too.

8.05 pm

Lord Hylton (CB): My Lords, the referendum result has provoked much instant comment. The response of the continental Catholic churches is, however, perhaps more thoughtful than some. The bishops of Poland saw a threat to European unity. A spokesman for the Bishops' Conferences of the EU wanted to see a commitment by all to a Europe of the spirit, based on human and moral values. Another bishop pointed out that such values demand better care for children and old people, rather than just ever-increasing average incomes.

European states within and outside the EU should pay much greater attention to two key concepts. The first is solidarity, which means that we support each other in meeting common needs: for example, the issues arising from refugees and migrants, or climate change. The second is subsidiarity, which means that decisions are taken at the lowest level consistent with the nature of the issue and the resources available. Subsidiarity calls on the higher levels of authority to help the lesser ones.

Pope Francis himself, in one of his airborne conferences, spoke of the common good of the British people being linked with peaceful coexistence for the whole of the European continent. This prompts me to think of the six states of south-east Europe that are not already EU members, which would greatly benefit first from association and then from full membership.

I turn now to our response to the vote. Some of our institutions might be thought to have become redundant: for example, the EU committees of both Houses and the British Members of the European Parliament. In a debate on 27 June, and again today, my noble friend Lord Boswell of Aynho stressed the continuing importance of our EU Select Committee. He might have been expected to say that, but I am glad that the Leader of the House agreed with him. I see the committee having a vital role in challenging policymakers and interviewing witnesses about our disentanglement from our existing membership. They, and indeed British MEPs, are likely to have an important role in clarifying issues for the sake of our national interests, and for the benefit of Europe as a whole.

Assuming that the vote to leave has to be accepted, I would like to see this country positioning itself as the EU's best friend, able to interpret Europe to the Commonwealth as well as to the USA. Britain should remain, as it traditionally has been, the supporter of small states. In any case, we should enhance our role in the Council of Europe, the Organisation for Security and Co-operation in Europe, NATO and, of course, the Commonwealth. The latter, I believe, should seek to enhance its skills in mediation and conflict resolution. In trades and services, we should move closer to non-EU member states such as Switzerland, Norway, Turkey and Israel. At the same time, we should seek the maximum possible free trade with the USA, India, China and Japan.

In the interests of the continuity of our own soft power, we should maximise our links with the continent—all the more so if we seek to be the best friend of the EU. There are many ways to do this: for example, the twinning of towns and cities, exchanges of all sorts, and through science, sport and culture. We should not be afraid to encourage people-to-people connection with Russia, as we began to do even in the semi-frozen conditions of the Cold War. Détente can come from knowing each other at a personal level.

I trust that when the new Government are formed, they will strive to reunite this kingdom and to keep us related in the closest possible way with our continental neighbours and friends. As we used to say, "Vive l'entente". We should reject stereotypes and work to understand each other, both at home and abroad. The most reverend Primate the Archbishop of Canterbury struck just the right note in calling for new vision and old values. We must surely rise to the occasion.

8.11 pm

Lord Vinson: My Lords, all of us at Westminster are responsible for the tangle we are in, and have only ourselves to blame. As we think about getting out of Europe, we should think of how we got into this state.

We pushed on as internationalists with a well-intentioned daydream of a united republic of Europe. We set out to minimise the distinction between natural citizens and outsiders. We gave complete disdain to patriotism, which—inescapably—is the tribal loyalty that gives the social cohesion that glues society together. We wilfully overlooked the democratic deficit that is the inherent weakness of the European Union and which, coupled with the demise of the euro, will lead to its eventual downfall.

We, the economically privileged, preached about the benefits of immigration, and damned as racist those who disagreed and moaned about the inadequacies of the health service. But we refused to face up to the effects of population growth of half a million a year. I have sat here most of the day and hardly anybody has mentioned the horrendous problem we will have in this country of trying to accommodate a further 5 million people over the next 10 years, in the same way that we have been bottlenecked by 5 million over the past 10 years. It is nothing to do with race, creed or anything else. It is to do with the huge overload on our services. We have not faced up to this, and to the effect that it is having on our hospitals, schools, prisons and housing, and not least on the wage levels of those less fortunate than ourselves. The silent majority who have had to suffer the consequences used Brexit to express their concern. They voted for reasonable control of immigration and there will be riots if this is not implemented.

Then we come to the problem of the young. Everybody says that they voted to stay in. The problem there is that they have yet to experience that democracy is a frail concept. Democracy when it works gives social stability while it is believed in, but it is incompatible with the coming reality of a centralised, unaccountable governance of Europe. The noble dream of ever-closer union is having the opposite effect. Many of those who voted for Brexit felt that their views were being ignored, particularly by the party that hitherto represented

[LORD VINSON]

them. They felt deserted by the Labour Party and theirs was a cry for help. They were patronised and assured, but not convinced, that all was well and that, being at the heart of Europe, we could influence policies. Little did they know that at the Council of Ministers, where we have only 14% of the votes, of the last 72 proposals put forward by our Government, none was accepted. So much for having influence. The EU is a dysfunctional system that depends on arm-twisting and the pressure of a thousand lobbyists. It is a perfect example of regulation without rectification—an updated version of “no taxation without representation”—that has caused those who care about democracy to demand the bringing back of self-administration.

On a more positive note, trade crosses all borders. Tariffs may hinder trade but they seldom stop it. The Woolsack in front of us is a symbol of our timeless trade with the continent. Some 14 million jobs in the EU are partly dependent on our custom. They need to trade with us—and will. You do not have to be a member of the single market to trade with it, so the only obstacle to trade is tariffs—which on average are less than 2%, except on cars where, as we buy so many more cars from them, a deal is bound to be done. Of course, we never did get, in spite of trying, free trade for services.

Meanwhile the good news is that the pound has dropped some 7%, so that the tariff cost is now well offset. Our pound has been overvalued for years. A lower pound will help correct the huge imbalance of trade and borrowings. It will make our manufacturing industry, and farming, very competitive. That is greatly to the benefit of all those out of work who have good manual and dextrous skills—skills, incidentally, that are unsuitable for coffee shops, through which it is difficult to get the productivity that the economy needs.

So now we have the perfect moment to get our economy moving along the right lines. A revitalised Government should encourage saving, not even more debt. We are borrowed up to our eyes, both personally and nationally. We should start a new form of infrastructure bond that is pension suitable, and use the proceeds to develop, as a priority for job creation, a massive investment in our decaying infrastructure. We should get on with Heathrow. We should scrap the entirely unsuitable HS2. We should get out of the engagement with Hinkley Point, which is already a dying technology. There are better nuclear ones on the immediate horizon. We should, regretfully, look at our wasteful overseas aid, every penny of which adds to our overseas indebtedness because we have to borrow it before we can spend it. We should use the savings to increase our defence expenditure, which sometimes is the best sort of aid we can give to other countries. We should now have the opportunity to borrow cheaply and to get on with the massive building of hospitals, schools and transport that our infrastructure needs. We should get Britain cracking.

Unshackled, in due course free from excessive EU bureaucracy, and with compliance only when needed, this great country—one of the largest economies in the world—will prosper, with control of its own borders and sovereignty restored, as a major trading nation on the right side of history.

8.18 pm

Lord Howarth of Newport (Lab): My Lords, the fractures in the United Kingdom by region, education, class, age and race that have been so searingly exposed by the referendum are paralleled across the European Union. The referendum precipitated a crisis in Britain which has been long in the making. Identical pressures have also been building across the EU. The EU is blighted by the socially polarising effects of market forces, compounded by the deflationary effects of the single currency and the democratic deficit in its governing institutions. The EU cannot last as it is, but there is no prospect of fundamental reform. The far right is on the rise across Europe. The EU is not a safe haven. We are right to leave and to take full responsibility for ourselves.

The remain campaign urged the British people to vote for the status quo. It should not have been a surprise that a majority refused to do so. In the years since we joined the EU, people in former industrial communities have seen the destruction of their way of life. Jobs for life have been replaced for many by intermittent, precarious employment. Unskilled migrants have depressed wages. Training opportunities have been withdrawn. Homes for many have become unaffordable, while unearned wealth has piled up for others fortunate enough already to own assets. Steeply tapering benefits have blocked the way out of poverty. Those reliant on social security—social solidarity—have been jeered at as skivers and scroungers. The public realm—social services, libraries, parks—has withered. People now struggle to get an appointment to see their doctor. Mental health services have collapsed. The Resolution Foundation tells us that 11 million households have seen their living standards stagnate since 2002. In his powerful speech, the most reverend Primate spoke of the shocking extent of child poverty. Approaching a million 16-24 year-olds are not in employment, education or training. Many fear that their children and grandchildren will be worse off than they are.

This is not all, of course, the fault of the EU; we have made damaging policy choices in Britain. But the EU is inextricably associated with the ravages of market forces and globalisation, which have been among the deeper causes, along with the disruptions of the digital economy. The slogan “take back control” was profoundly appealing to people who feel victims of forces they are powerless against and that the politicians who should look after them have done too little to control. The referendum was a vote of no confidence in the powers that be—in the major political parties as well as Brussels.

What should we learn from the referendum? What are the implications for British politics? The neoliberal orthodoxy that has prevailed since the mid-1970s, in Britain and in the EU, has run its course economically and politically. Weakly regulated and greedy bankers led us deeply into debt, both private and public, wrecked the public finances and the Government’s capacity to ameliorate social conditions, and left the people to pick up the tab. The extreme inequalities and excessive rewards for the few generated by global capitalism have weakened consumption and investment. The centre-right may try to persist with this toxic orthodoxy,

though even the Chancellor seems to be in retreat. The centre-left must now reinvent social democracy, as the SNP, subsidised by English taxpayers, has done with political success in Scotland. This will be difficult to do with the overhang of debt, but the lesson of the referendum is that we must share wealth and opportunity more equitably. We must rebalance the economy away from financial services and away from London. Policy must sustain demand and investment where the market shies away. An interventionist state must provide security, addressing the sources of poverty. The damaging dichotomy between public and private must be put behind us.

New politics as well as new policies are needed. The campaigns on both sides were ruthless and angry. Many found in the referendum that their sense of personal identity was inseparable from their sense of national or European identity. The result was anguish for the losers. Some of them have lashed out in demeaning, snobbish contempt for those they see as ignorant, bigoted, selfish leavers. It also produced vicious racism from some of the winners. There was a moment, however, during the campaign, after the murder of Jo Cox, when everyone paused and people realised that crude antagonism, abuse and threats will not do. We need to nurture that recognition. The challenge for the new political leadership is to appeal to our better nature, abate the politics of anger, reconcile our people and heal our national psyche.

We have to start by demonstrating respect for those with whom we disagree. Like it or not, the decision to leave the EU was an expression of sovereignty by the people to whom Parliament had referred back this great constitutional issue, and it must be accepted without demur. Any other course would disastrously intensify disaffection from Parliament, deepen the gulfs in our society and stir up street and mob politics.

After the parties have resolved their leadership issues, and after we have held a thorough debate about the options for establishing new relationships with Europe and the world, there should be an early general election. A new Parliament is needed, predicated on the new reality. A new Government need to be equipped with a mandate for the negotiation.

At the election, the parties should also explain how they plan to renew our politics, to rehabilitate democracy across the UK. We must fund politics differently, so that the parties are not seen to be beholden to sectional and remote interests and the aura of corruption is removed from Westminster. Real decentralisation of power and resources is needed throughout Britain. The Scots can be won back for the union. Opinion is far from monolithic in Scotland and the economic prospects for an independent Scotland would be dire.

This is a critical turning point. We must build confidence among both remainers and leavers in our future outside the EU. We must remake our politics and democracy. We must find ways to uphold democratic values and authority in a global economy so that markets are servants, not masters. We must recreate our international friendships and trading partnerships and cherish our cultural links with Europe and the world. We must attract investment and talent, raise skills and transform our productivity. We must convince

people who are fearful and pessimistic that politics will work for them and that prosperity will be fairly shared. We must support vulnerable communities and instil confidence within them that immigration is not to be feared; and, among minorities, that they are welcome fellow citizens. We must find shared principles and ideals. Britain can be liberal and kindly, purged of xenophobia and hate crime. With leadership, all these things are possible. If politicians, spiritual leaders, community leaders, social activists, journalists, opinion formers and citizens fail in this, we will see the debilitation of parliamentary government, insurgent fascisms of the left and the right, a crumbling of our society and a disintegration of the United Kingdom.

8.26 pm

Lord MacLennan of Rogart (LD): My Lords, the European Union is something to which the United Kingdom has belonged for 43 years. I cannot see that it has done harm overall to the United Kingdom. We are one of the most productive and wealthiest countries in the world. The referendum, which has numbed us because it was intended to bind Parliament, has left out of the count two nations of the United Kingdom—Scotland and Northern Ireland. That is something we ought to consider in thinking about the future.

We have experienced peace in western Europe for more than 70 years, and that seems to me a justification of the building up of connections within western Europe. Despite the fact that Parliament is the sovereign power in the United Kingdom, the Prime Minister decided to call a referendum which was not advisory. The campaigners for Brexit did not spell out what the relationship with the European Union would be if vote leave won. In consequence, a future relationship with the European Union has to be negotiated together with the withdrawal agreement. If, during the course of the negotiations, the terms of the future relationship seem disadvantageous to the United Kingdom, and to the European Union as well, we are permitted under Article 50 to withdraw from the negotiations. An example might be if the United Kingdom had to revert to the World Trade Organization rules and have tariffs imposed on our exports to the EU. It would be a similar situation if we had to impose tariffs on EU imports.

As a number of noble Lords have mentioned, since there is a multiplicity of directives which have changed the law of the United Kingdom, it will take a long time to analyse what needs to be reformed. Consequently, as this is a matter for the United Kingdom itself, triggering Article 50 of the Lisbon treaty should be delayed until that analysis is completed. Furthermore, as individual member states of the European Union will have the power to veto elements of the agreement on the future relationships of the United Kingdom with the Union, it would be wise to promote those discussions before invoking Article 50, which is the only way of withdrawing from the European Union consistent with EU and international law.

Before the referendum, the EU Select Committee of this House produced a very clear report on the process of withdrawing from the European Union. It was advised by two heavyweight lawyers, Sir David Edwards and Professor Derek Wyatt QC. They advised that, if

[LORD MACLENNAN OF ROGART]

the withdrawal negotiations did not proceed to the advantage of the United Kingdom, Article 50 would not prevent the UK withdrawing from those negotiations. In that process of weighing up the interests of the United Kingdom, Parliament, as the representative and democratic body of the British constitution, should be given every opportunity to assess the progress of the negotiations. If Parliament decides that what is proposed is highly disadvantageous to the economic, social and cultural future of the United Kingdom, it might call for a second referendum, which should be advisory only.

8.32 pm

The Earl of Sandwich (CB): My Lords, I am always comforted by the words of the noble Lord, Lord MacLennan, who knows more than almost any of us about the workings of the European Union. I have detected a degree of referendum worship in this debate, and that worries me. I am one of those who is unwilling to accept the so-called people's verdict. I never wanted a simple majority vote of this kind. My gut feeling tells me that the UK is not suited to referendums: they are unnecessary and divisive. As has been pointed out, they are advisory and do not, and should not, formally bind Parliament.

Secondly, we know that we can correct the mistake in due course. Other referendums have had to be replayed, most prominently when Ireland rejected the Lisbon treaty in June 2008 and had to repeat the exercise the following year, with a swing of 20%. Better than that, like the noble Lord, Lord Howarth, I believe that there should and will be another general election. Thirdly, it was a neck-and-neck result. It was a protest vote, full of sound and fury. The British public and media love a good horse race. The Scotland poll was the same; it is like penalty kicks or goals in injury time. Either way, half the people remain dissatisfied. Compare that with votes following a sensible debate in the House of Commons. Parliament should represent people every four to five years and make decisions. Democracy does not require referenda and there is now a strong legal opinion that only Parliament can get us out of the European Communities Act 1972.

Fourthly, referendums can be manipulated by Prime Ministers for their own ends, to unite their parties. Harold Wilson did it in 1975; David Cameron did it in 2016, having fulfilled a promise to Eurosceptics. Then you get distortions: the referendum may not be about Europe at all. Popular issues like immigration, which surfaced in France in 2005, and abortion, as in Ireland in 2008, can skew the result. Again, we have heard the simplistic, xenophobic voices of anti-immigration. What happens after a referendum? Everyone is still reeling from the shock. Politics and family life are turned upside down. This is not how our affairs should be conducted.

Millions have signed up to the petition to reverse the referendum and to require a two-thirds majority. On the day before the vote I had the chance through the IPU to meet election observers from Europe. I talked to a young Swiss MP who was astounded that I should reject referendums since Switzerland is ruled

by them. They can even have three on a given Sunday. Switzerland has its own political character and each canton may differ on policy.

Brexit has undoubtedly shaken the dice in Europe but most leavers conveniently forget that the EU is not monolithic. Closer union is not the unanimous view of member states and there are many countries outside the eurozone. Only last week, the Visegrad group of four eastern European countries warned the Commission against more euro-based integration. There is a spectrum of opinion in Europe. During the coming negotiations we should stay close to countries like Poland and the Czech Republic, not with any intention of breaking up the EU but in order to arrive at a more practical arrangement of the Union in which national parliaments take more initiative. In the EU Sub-Committee we spent some time on recommendations that would strengthen member state parliaments, and these should be followed up.

There is another dimension: international development, mentioned earlier by the noble Lord, Lord Bruce. I have always regarded part of the task of the first 12 or 15 member states to be to reach out to former communist countries and to assist them towards the democratic Copenhagen principles. To me, enlargement has been a formal responsibility of the Union. There are several practical examples of aid going to projects such as EULEX in Kosovo. We also need to keep the needs of applicant countries in mind. They are at this moment stricken by migration and terrorism.

We must assist the EU in achieving a better migration strategy. That should not be difficult. We need to realign ourselves and renegotiate the whole question of the single market and open frontiers. I celebrate our diverse society and our economy's need for migration. The right wing all over Europe has taken encouragement from our exit vote and must be resisted with strong arguments. We should have learned something from the Dutch example in keeping down Mr Wilders.

I doubt that the EU will be hostile to us because we matter much too much to them. The noble Baroness, Lady Randerson, made the powerful case earlier for keeping our communications intact. The initiative must come from our own Government as soon as the leadership question is resolved. We must not enter the formal Article 50 negotiation but must set out a new manifesto with a view to a general election. A new start will not necessarily overthrow the referendum result, but it should provide a mandate for renegotiation on our own terms.

A referendum is neither a fair process nor a way of determining policy. It is an appalling muddle-maker. We must stop the in-fighting, support a stable new Government not dominated by Brexit, get closer to key European nations, come to terms with the EU, make use of the Commonwealth and the WTO and focus outwards once again on our relations with the Middle East, Russia and the rest of the world.

8.38 pm

Lord Maginnis of Drumglass (Ind UU): My Lords, it has been an interesting and informed debate, which I will approach perhaps from a more factual perspective, in line with the approaches of the noble Lords,

Lord Vinson and Lord Howarth of Newport. I have always detested referendums in so far as our democratic system evolved in a manner where it was intended that the United Kingdom will be led by knowledgeable and principled parliamentarians who are meant to be known and elected locally, not by polls conditioned from above by faceless party manipulators.

It was a risk and a folly that the Prime Minister and Government would cede that privilege to the conditioned prejudice of the masses rather than to reasoned and honest logic. It was even less justifiable that the Prime Minister offered this referendum merely as an incentive to sway the electorate at the time of the last general election. Now, inevitably, in the Brexit case we have the nonsense where the losers are clamouring for a rerun. What comes after that—and again after that?

Despite the fact that our Prime Minister neither made the right decision nor succeeded in negotiating a tangible alternative deal with our EU partners, let me say that I am quite ecstatic at the outcome. Yes, ecstatic in so far as the old morality, the “auld decency” with which I grew up and which I have tried to represent as a schoolmaster, as a soldier, as a businessman and as a parliamentarian, seems to be dying on the vine of political correctness and internal party convenience. We now have the opportunity of a lifetime to reform and to ensure that our Britishness is rejuvenated, and that we do not flounder from tactic to tactic but relearn the value of strategic thinking and planning before setting out tactics in motion.

I hope that we in the United Kingdom now recognise how we have let democracy slide by allowing law-making powers to pass to non-elected foreign civil servants we cannot kick out, and that this has happened without popular consent. Subsequent transfers of British power have been made by a series of stealthy EU steps deliberately disguised as technical changes. Undemocratic diktat at the expense of our national sovereignty lies—or lay—at the heart of the EU.

So before we overindulge in self-flagellation in relation to our decision, we should strive to find out how Europe came to this undemocratic state. We surely understand the complex personality of Commissioner Juncker, President of the unelected European Commission. This is the crook, cheat and self-confessed liar from a country the size of Norwich who for 20 years dominated Luxembourg politics, running the grand duchy as his personal fiefdom.

Herr Juncker used Luxembourg’s security service to blacken rivals while he lined his pockets by conducting lucrative sweetheart deals with multinationals. Under his premiership, the duchy reinvented itself as Europe’s secret tax haven on an industrial scale. He was eventually forced to resign after a scandal involving telephone tapping of political opponents. Such basic standards of government would disbar Herr Juncker from any public office in the United Kingdom. Yet what was Herr Juncker’s comment on becoming President of the Commission? “I don’t have to worry about mere Prime Ministers any more”.

Interestingly, our Prime Minister initially objected to him but found Mrs Merkel in his way and failed politically to stifle the dubious Luxembourg. In so

far as Mr Cameron is no longer a major player, it is the same Mrs Merkel who now moves to give the said Herr Juncker his P45. Ironic.

I wish I had time to develop my argument, but the clock defeats me. Suffice it to point out—others may expand on this caution—that the political parties in the UK, like Juncker’s European Union, have become or are becoming the property of bureaucratic academics, many of whom have emerged after university from little more than glorified bag carriers to their elders onwards to elected appointments and to run the country. However decent they may be, they are too often lacking in real practical experience, so that we have become dominated by diktat, not democracy. Internal party manipulation dominates practical objectivity and common purpose—the Leader of the House will, I know, be able to put that in context.

Today, Prime Minister Cameron’s political mismanagement has been fortuitous and opportune in so far as it opens the way for reform here in Parliament. The return of “auld decency”, and strategic purpose rather than tactical U-turns, awaits. We neglect this opportunity at our nation’s peril.

8.45 pm

Lord Suri (Con): My Lords, it has happened: Project Fear, for which my side was mocked and sneered at, has become Project Fact. The pound has plunged, with terrible short-term consequences for businesses which import large quantities of stock. The FTSE 100 and FTSE 250 both took hard knocks. The vast overseas operations of the former have brought it back up but the FTSE 250, far more indicative of our economy, is still being battered by the markets. However, I will not dwell on this. I fully accept that the will of the people is sovereign, and the power that this and the other place have is entirely sourced from them. There can be no talk of a second referendum or of overturning the result. That would be a democratic outrage and poison British public life for generations. The people have spoken and it is up to us as lawmakers to implement their decisions. That said, there are important choices to make ahead.

We will need to renegotiate our position not just with Europe but with the world. We are now free to make trade deals and should move quickly to get into contact with our Anglosphere colleagues and the Commonwealth, so that we can make up more of our trade with countries that are proving to be channels of global growth. Having been in the EU so long, and not in control of our trade policy, our own departments responsible for trade have been run down. We will need to take on far more trade negotiators, up from the 40-odd that we currently have. A sensible idea would be to have the trade department set up a training scheme in conjunction with friendly countries, so that we can get negotiators learning the skills from those with experience.

I noted recently that yields on our 10-year gilts have fallen under 1%. Now is not the time to be making swingeing cuts to the trade department and Foreign Office, which will be crucial to our future success. I encourage the next Prime Minister to rethink these savings and recognise that investment in diplomacy

[LORD SURI]

yields significant economic rewards, not just political capital. Furthermore, we will need to rethink our European policy. The people voted to leave the EU but they did not vote for a recession. If we were to leave the single market, which was pushed for by the late Member for Finchley, we would do tremendous damage to our economy. I have heard numerous friends in this place say that the single market is an anachronism, shrinking and burdensome. This may be right but an essential fact remains: the single market is the only existing free-trade bloc built for the demands of the British economy and designed to cover high-value service industries. Without financial passporting, the City of London would suffer huge movements of banks from the UK to those jurisdictions with access. Frankfurt, Amsterdam and Paris are already making overtures to banks domiciled here.

Since we have only two years to negotiate a new deal before our time expires under Article 50, it makes sense to go through a stop-gap while we negotiate a more comprehensive settlement. The EEA is off the shelf and can be an effective placeholder. We would have uninhibited access to the single market and regain control over our own agricultural, fishing and trade policies.

I will make one final point. Now is not the time to turn away from the world. Global challenges face us which can be faced down only by governmental co-operation. In a way, I am glad that we have left the EU. The new European integration will be characterised by more governmental co-operation. The age of integration, meaning ceding powers and sovereignty to Brussels, is over. We must be a part of that change and work with our European allies for a better future for all our citizens.

8.51 pm

Baroness Kennedy of The Shaws (Lab): My Lords, the British electorate have given the political, financial and business establishment a massive kick in the teeth by voting to leave the European Union. The vote will plunge Britain into uncertainty for years to come. It also reverses the solidarity on which the European continent's stability was based—that great vision for peace and justice which excited so many of us when we were young, and which undoubtedly still excites so many of the young who have taken to the streets in recent days.

Warnings came from every quarter but, if anything, those warnings goaded a defiant mood in people. Europe's failings—undoubtedly there are many—were simply not sufficient to explain what Britain has done to itself. This was a revolt, as the noble Lord, Lord Howarth, and others have said, against global capitalism and neo-liberal economics. I say that as someone who firmly believes in pluralism and mixed economies, and that you cannot create the kind of chasm that we are creating between rich and poor in the world, but also here in Britain. We have left too many people behind. They know it, they feel it, and they are angry.

A majority of people showed their disdain for politicians who had embraced an economics that caused the 2008 financial meltdown, forced austerity upon them, gave them stagnant working-class wages, increased

immigration, denied them decent housing, made them wait longer to see doctors, made them have difficulty in getting their children into schools, and allowed tax havens and tax-fiddling for the rich. They also knew that many of the people seeking to come here, wanting asylum because they are fleeing persecution or war, do so as a direct result of that disastrous war in Iraq, and what we have done to the Middle East. The fact that some of these issues had no direct link with the European Union did not matter. It was a convenient target in a febrile angry moment, much like the makings of Trump in the United States. We now may see Europe unravelling. Our vote got a hurrah from Geert Wilders in Holland and Marine Le Pen in France, who want to follow suit, and no doubt there also was applause from the right-wing party that is back in the running in Austria. We also know that Putin, Trump, Sarah Palin and a whole collection of people who do not bring down much admiration from me are also celebrating. We have leapt into the dark, and it is truly dark. Jettisoning the status quo for an unknown is full of risk of financial downturn, possible recession, higher unemployment and political turbulence.

I want to speak about law because it is my area. I have just come from a European Union Select Committee that met this afternoon in the later hours, and there heard from the Minister, David Lidington, and from Oliver Letwin, who is of course in charge of the Brexit unit. Mr Letwin described a review of law that began eight days ago—law in huge quantity. The whole of the Government Legal Service has been mobilised to map the statutes and the statutory instruments, the “by direct effect” instruments, the jurisprudence—all of it—and it will be kept to that work for a long time to come. Yet what we did not tell people was that many of those laws have greatly improved their lives, particularly in employment law, providing protections for part-time workers, agency workers' rights and people who are in fixed-term work. Then there are the rights to holiday leave, collective redundancy, maternity and paternity leave, equal pay for women and anti-discrimination in employment. All those things, which would not have happened because of the Thatcher attacks on trade unions, were protected by our involvement in the European Union.

The European Union has given us environmental protections and climate change targets. I know that they are not attractive to the noble Lord, Lord Lawson, a denier as he is of climate change, but they are very important to many of us and to future generations. Then think of the collaborative work that has been done on crime and security, terrorism and trafficking. If, as the noble Lord, Lord Lawson, suggests, we leave all that behind, we will be cut out of the Euro warrant, Eurojust and Europol, and out of the mutual legal assistance that is so important. The intergovernmental work on harmonising, for measures such as the Sale of Goods Act and protection for consumers, copyright law and digital commerce, is all to go out the window, along with data protection law. Then there is all the stuff that we know about in relation to education—the ways in which long-term research will be put in jeopardy.

Then there is the issue of sanctions. I chair the Justice Sub-Committee of the EU Select Committee, and sanctions is one of the issues that comes before us all the time. Think of how effective those have been in

bringing Mr Putin to heel. It is all much more effective when done at the European level. Think of the contracts that have been entered into in trade relations, which reach beyond any leave-by date, and how we are going to have to revisit that. And now there are constitutional arguments about who gets to trigger Article 50, and so on. We are grieving; we are all going through that passion of grief, when people are told that they have a terminal illness, they start off in shock and are numb and then get angry and reach for other alternative possibilities that might keep them alive. That is what we are all going through—a terrible process of grief, for those of us who want to remain in Europe.

The Minister said today that the Government agree that there is a role for Parliament. There has to be one, because we have to repeal the European Communities Act 1972. There has to be one because of all this legislation. I am afraid that we have opened a door on turbulent times for our Parliament but also for our society and, I suspect, for the whole of Europe. I want to invoke to all noble Lords the Latin mantra of *festina lente*—to hasten slowly—and to be very careful of what we are doing, because we do not know where we are going. I echo something that my noble friend Lord Howarth said—that this may provide an opportunity for us to rethink where we went wrong, across our political parties. It is a responsibility that could be put at the doors of previous Governments of any colour. We failed to look after a whole section of our communities and now is the time to think again about where we went wrong.

8.59 pm

Baroness O'Neill of Bengarve (CB): My Lords, were the referendum campaigns a great exercise in democracy, or were they a great exercise in talking past one another? I fear that the disarray which we now witness and the retractions, revelations and recriminations that spill out every day suggest that large parts of these campaigns were not even an exercise in communication, and that the public were not offered adequately described alternatives or the means to judge the real options, opportunities or risks.

This sorry situation is the fault not of the electorate but of the political class and the media. The options were not set out adequately or responsibly by those advocating them. The public did not believe the Government's economic forecasts, which is not surprising since such forecasts are a specialised art form based on complex assumptions and quite unsuitable for mass communication. One has to say that even those who voted for leave may not have been convinced by many of the claims made by the Brexiteers, some of them since simply retracted. What opponents dubbed respectively Project Fear and Project Fantasy failed to explain either accurately or simply what was at stake or what would happen in the event of each outcome. Neither the process of invoking Article 50, and the role of Parliament in that process, nor the constitutional risks for the future of Northern Ireland and Scotland, and thereby to the integrity of the UK, were adequately communicated to voters.

Independent information was impeded rather than provided. Institutions charged with presenting expert and independent evidence—the Bank of England and

the Institute for Fiscal Studies—were accused of being partisan when they did so. Publicly funded institutions such as the Office for National Statistics, the research councils and others whose task is to present evidence-based views were placed in purdah. The BBC often gave equal time to differing opinions but seemingly could not provide sober and informative challenges to the claims that were bandied around, so the elementary conditions for checking and challenging claims and arguments that democracy requires were simply ignored. Nor, it appears, did the Government make preparations for the contingency of a majority for Brexit. A civil service unit for negotiating was not established until after the referendum. Expertise in trade negotiations had been run down and was not being repaired. There was no explanation about the process for invoking Article 50, and the findings of the admirable report of your Lordships' European Union Committee on the process were very little known.

How did this damaging decline in democratic standards come about? The causes are quite complex and I shall mention only two. One is an everyday matter but the other is fundamental. The everyday matter is that social media make it possible for people to think that they are in touch with a wide range of views and information, even when they are not. Unless the media ensure that the range of views, evidence and arguments is available and taken seriously, public engagement cannot flourish. If the media ignore, caricature or rubbish some positions, democratic decision-making is hardly likely to work well.

Last year at a meeting of an all-party group on hate speech, I realised how insidious this can be. Facebook gave evidence to the group that it removes postings that incite hatred after a certain number of complaints—the informants thought it was about 20—but it also reported that these postings are promptly reposted and recirculated, creating a continuous torrent of abuse and incitement. We are all aware that social media create echo chambers that contribute to the radicalisation of extremists, but perhaps we are not sufficiently aware of how they can undermine democratic debate. Crowdsourcing is, no doubt, a fine way to find out about consumer products because each contribution is independent and the results are cumulative, but it is a rotten way to source judgments when inputs are repetitive and the opinions that surface and prevail are echoes.

Additionally, there seems to be widespread confusion between rights of self-expression and press freedom. Both are covered by the term "freedom of expression", but they differ. Rights to self-expression are for individuals. We often follow John Stuart Mill in thinking that rights to self-expression protect individuals and should be restricted only when their self-expression is likely to harm others. His classic example was shouting "Fire!" in a crowded theatre where there is no fire. However, Mill did not think that institutions or the powerful, including the press, have rights to self-expression. After all, they have no selves to express. He supported a free press for different reasons: because it can support freedom of discussion and debate, and enable citizens to encounter a wide range of relevant views and opinions—and to check and challenge what they read and hear.

[BARONESS O'NEILL OF BENGARVE]

What is past is past. Looking ahead, I have two questions for the Minister. First, will the Government make it a red line not to agree to any settlement with the European Union that damages the very people who were led to believe—or misled to believe—that Brexit would address their concerns, their interests and what they felt to be their exclusion? Secondly, will the Minister consider whether to make it a red line not to agree to any settlement with the European Union that abandons the common travel area we have with the Republic of Ireland, and have maintained since the 1920s, and that risks destroying the peace process in Northern Ireland and the UK?

9.05 pm

Lord Naseby (Con): My Lords, my European involvement started in 1963, when I joined the Young European Managers' Association. I followed it up after being elected MP for Northampton South in 1974—with princely majorities of 179 and 142—and I campaigned hard in 1975. I imagine a number of your Lordships also took part in that campaign. The staying in Europe side was behind in the early polls, yet the campaign was successful. I also spent eight years on the Council of Europe, in particular on the health committee. I was the proud chairman of the group that set about drawing up a European-wide protocol for autopsies after the disaster of the "Herald of Free Enterprise", when over a dozen nations had separate procedures for autopsies.

Understandably perhaps, I voted to remain. I did so not for reasons of trade, but primarily because of my belief in the importance of security and peace across Europe. The Prime Minister decided for his own reasons to call a non-binding referendum. He must have known it would be a huge risk; it was a huge risk, and one we now have to deal with.

The people have spoken, 33 million of them. They have spoken with great clarity about what they want, and they want out. It is Parliament's responsibility to make that happen. It is the responsibility of Back-Benchers like myself to probe and ask questions of those who will make it happen. First, there is that short word, "time". Time is not on our side; it is a luxury no one can afford, particularly when it comes to choosing the next Prime Minister.

I have to ask: why can we not speed up the whole process? Clearly, the chairman of the 1922 Committee has speeded up his element of the process and I congratulate him. Just eight days after the result, we have had the first round of voting this evening. As I said, he is to be congratulated, but I am afraid I do not congratulate the chairman of my party for resigning the minute the decision was made to choose Brexit. When it comes to the responsibility of people in my party—and I have been in the Conservative Party for over 50 years—I thought the top of the party would show leadership. There is not much leadership when there is a bit of gunfire and you disappear out of the trenches. I am appalled, quite frankly, that the chairman disappeared. But it goes deeper than that.

I rang my association early last week and asked, "Have you heard anything from central office?" The answer came: "No, nothing". I ask the same question

of the Front Bench. As a paid up member of my party for 50 years, I do not know who is running central office at this point in time. I have had no communication, nor, to the best of my knowledge, has my association. Frankly, that is not good enough.

Why do we not speed up the second stage? It is pretty clear that there will be another vote on Thursday and one of the remaining four will go. If one looks at history, one suspects that we may be down to two by the weekend.

Lord Cormack: Two have gone already. We are down to three now.

Lord Naseby: My noble friend has information that I am not aware of. If we are down to three, then it is certainly true that by Thursday night we will be down to two. If we can run a by-election in four weeks when somebody dies in office and there is no candidate—we have done it several times in recent years—and if we can run a general election campaign in three weeks, why on earth are we waiting for eight and a half or nine and a half weeks to elect a future leader of the Conservative Party? I do not understand why we have to wait. What is so magical about 9 September?

I am quite prepared for Parliament to sit an extra 10 days until the end of July. We used to sit until the end of July and most of us made our plans on the basis that that was likely to be the case this year, so why on earth do we not have the recess start 10 days later? We would then know that we had a Prime Minister in situ who had the whole of the long recess to sit down quietly and deal with the huge challenges that she—I imagine it will be she—will have to face. As I said, why is there so little urgency?

Do the Government not understand the fragility of the confidence out there? I can understand why people are sceptical: the Prime Minister has never made a decision on London airport, and that is a tragedy in itself because it is central to the whole development of this part of England. We need to get on and make some decisions.

Finally, what should we do now? I believe that we have to have a leader who stood up for and believed in Brexit. I make it clear—there is no point in hiding it—that I believe that Andrea Leadsom is the right person. I worked with her on my Private Member's Bill. She is tough and intelligent, and she fought a good campaign for Brexit. One key issue was immigration, and I question whether the present Home Secretary, who is dealing with that policy—and how disastrous it has been—is really the right person to take us forward.

I ask the Front Bench whether it would not be better to clear up this whole process, get the Prime Minister elected, leave it to her to decide what initiatives need to be taken, and not set up all these mini-groups at No. 10, the Cabinet Office and BIS. It should be left to the incoming leader to do all that. If we choose that route, we will have a Prime Minister who has the time, the energy and the resources to deal with these things. To me, the statement that Andrea Leadsom made about the 3 million EU citizens here having their position safeguarded was an indication of the leadership that she can and will give us.

9.13 pm

Lord Cotter (LD): My Lords, as someone who wished to remain, I join in supporting the many speakers who have already expressed their disappointment and concern that the referendum voted narrowly for out. There undoubtedly will be—there are already—major problems for our economy, which means that our financial situation and, most importantly, jobs are at risk.

In a letter published in my local newspaper, I referred to the need, in voting, to consider the future for our families, our children and future generations. This still applies. For our young people in this country, when it comes to jobs, the economy, trade and the ability to travel easily, it still applies. There have already been marches by young people in great numbers throughout the country, and notably there have been very large protests in London.

Our youth have to be considered. I joined in one of the young people's marches in London and spoke to many of them individually. They said to me that the politicians in Parliament must do something. I said, effectively, "I wish". I also said, "It is down to you people to keep up the protests. It is in your hands". I have certainly encouraged—and will continue to encourage—young people to keep making their voice heard.

Having caused such disruption and instability, the two main leaders of the out campaign, Farage and Johnson, have resigned from their roles and washed their hands of it all. The campaign for out, in particular, told untruths, such as money for the NHS which, it has been acknowledged, will not happen; and about the numbers of migrants, saying that 1.5 million would come from Turkey, which was scaremongering and not true. It is deplorable and disgraceful that they lit the fuse, caused a lot of the problems and then ran away.

I support the call from my colleague, the noble Lord, Lord Carlile, who talked about the need for transparency in the negotiations when they are carried out, and the right of both Houses to consider the terms for dealing with the future when it comes to Article 50 and otherwise. This is a very important point.

I agree with the point made by the last speaker that we must have clarity on the future of EU nationals who already live in this country.

With those pleas and those points I shall finish early because it is getting late.

9.17 pm

Lord Williams of Baglan (CB): My Lords, like many in your Lordships' House, I did not expect a few weeks ago to be speaking in a debate today on the UK leaving the EU, but that is what we are now doing.

Formally, of course, it is the EU but, for all intents and purposes, there is little difference between the EU and Europe. In that regard we are joining the outsiders: Norway and Iceland, Switzerland, Albania—that country much beloved of Michael Gove—and the rump states of the former Yugoslavia, Bosnia and Herzegovina, Serbia and Montenegro. We cannot build our future

on relations with this small band of countries. It is abundantly clear that our non-European allies and economic partners, such as the United States and Japan, saw our future within, not without, the EU.

We now have to find our way in an uncertain and even dangerous world with few friends. Even before 23 June, it was clear that the Obama Administration was becoming increasingly critical of the present UK Government. Leaving is a rejection of the other, and a rejection of our long-standing partners in the European Union. In the United States it is often said that leavers are losers. History is full of departures with unforeseen results—among these, the Confederate States, which left the United States in 1860 to be defeated a few years later in a bitter civil war; and the League of Nations, of which the great Woodrow Wilson was one of the architects but whose country, the United States, refused to join, dooming the League of Nations from the start. President de Gaulle took France out of NATO, only to readjust a few years later when the Soviet Union invaded Czechoslovakia. What sort of outcome is it when it is difficult for the friendliest foreign ministry in the world to find anything positive to say about a retreat from the world which, in itself, directly imperils the union of these isles?

I warn, too, as a former UN Under-Secretary-General, of the threat to our position as a permanent member of the Security Council. We are now the smallest and weakest of that group. Three members—the United States, Russia, and China—are great continental states with economies and populations much larger than ours, which is set to decline even further. Then there is France, which is soon to be the only EU state permanently on the Council. On its own, France will, I believe, increasingly seek to use its position to claim *de facto* to be the voice of the European Union. There is a real danger that just as our political strength has been depleted and our economic future looks uncertain, our moral authority and influence in the UN will decline.

It was not the Prime Minister of a Middle Eastern autocracy or a Latin American dictatorship but the Netherlands' Mark Rutte who sadly said of the referendum outcome:

"That country now has collapsed—politically, economically ... and you will have years ahead of you to get out of this mess".

Those are harsh words but they are harsher when they come from one of our closest allies and a fellow member of NATO. They move me to ask the Minister what measures the Government anticipate taking to repair the UK's reputation and global influence, and how they will counter the perception of UK isolationism, which is now, I believe, widespread.

The situation is complicated even further by the current Conservative Party leadership campaign, as noted by the noble Lord, Lord Naseby. It is taking place at a pace that is incomprehensible for any other country. That in the 21st century we are taking a month or more to elect the leader of one of our great democratic parties, and our Prime Minister, is incomprehensible to anyone outside of these isles. We cannot live, especially at this time, without an active Prime Minister. He frankly cannot hide behind the closed doors of No. 10. On the contrary, there is a

[LORD WILLIAMS OF BAGLAN]

strong case for him visiting key allies and economic partners such as the United States and Japan, to calm nerves in Washington and Tokyo. This cannot be left for two months. And when I speak of two months, September is the opening of the General Assembly of the UN. Every Head of Government in the world will be present and we cannot be unseated.

The Lord Privy Seal (Baroness Stowell of Beeston)

(Con): My Lords, for the House's information, the Prime Minister is attending the NATO summit this weekend. To suggest that he is not attending the current global summits is inaccurate.

Lord Williams of Baglan: I am grateful to the Minister. That is exactly the sort of thing I would like to hear and I hope the Prime Minister can do more in that regard in the coming weeks. We must be conscious, too, of NATO. In these times, when we are set to leave the EU, we must pay it greater attention, and I am glad the Prime Minister will be going to that summit. It is true that the vast majority of NATO members are also in the EU; that is, aside from Norway, Iceland, the US, Canada and Turkey. It is particularly important to make it abundantly clear that though we may—quixotically, as historians are likely to note—be leaving the EU, our commitment to the UN and NATO, and, for that matter, the Commonwealth, is as strong as ever. I call on the Minister to consider an action plan to demonstrate our internationalism at a time when most of the world will be agreeing with the Dutch Prime Minister.

9.24 pm

The Earl of Caithness (Con): My Lords, Europe has a long history of being a turbulent continent and I agree with the noble Lord, Lord Armstrong, that it could return to turbulence again if we are not very careful. As we have recently remembered, 100 years ago, as so often in earlier times, Britain's influence on affairs on the continent was through the gun, bullet and bayonet. A further conflict occurred some 20 years later, but then there was a massive change. For the past 40 years our influence has been at the negotiating table, and that influence has been considerable.

Looking back, it is to our discredit that as politicians who served in Government, we have failed to sell the message that we were influential and there were good things that came out of the EU as well as irritations. Indeed, it was often worse. We have tended to blame Europe whenever possible. Most of the press and broadcasters are equally to blame, with headlines that bear little reality to the truth. For 40 years there has been a steady drip-drip negative effect on people's perceptions of the EU. The referendum campaign was bitter, negative and divisive, as was the one in Scotland a couple of years ago. Due to the exaggerations and lies told, there is increasing distrust of the "ruling elite", and that is a negative of the referendum; it will make government harder.

Politicians are held in even less regard than they were before the campaign, and it was then at a disappointingly low level. In business life those politicians

who made such outrageous claims would probably have been sacked. Regrettably they remain MPs, and unfortunately will doubtless come here in due course. Given the inaccurate propaganda campaigns, will Her Majesty's Government now amend the remit of the Advertising Standards Authority so that in the future it has influence over non-broadcasting advertising during election and referendum campaigns and can act in a way that it cannot now?

In another respect the referendum campaign has been a huge success. It has enabled a revolution to take place through the ballot box without there being violence except for the tragic death of Jo Cox and without one side imprisoning the leaders of the other. In how many other parts of the world would that have been possible? Unusually, I disagree with the noble Baroness, Lady Mallalieu, on the question of how well aware those who voted were of the implications of the vote. The EU Select Committee highlighted in its recent report the fact that numerous surveys have shown the UK to be the least informed member state on how the EU works. The Electoral Commission confirmed this in its polling during the referendum, which showed that 69% of the public were not well or very well informed about the EU and that 16% said they were not contacted about the referendum. Our democracy is indeed a flawed vessel and we need to learn lessons from that.

Now that we have decided to change our position in the EU, we are moving into uncharted territory, and we badly need a plan and leadership. This afternoon in the Communications Committee we received evidence on how important it is for the Government to give that leadership. London is the centre for the creative industries in Europe and they, like other businesses, are already seeing contracts lost and concerns raised about the future. People need to be reassured that as we change position, the UK is open for business now and will still be a good place for business in the future.

Inevitably our debate has been centred on UK interests, so I am particularly grateful to the noble Baroness, Lady Bowles of Berkhamsted, for reminding us of the implications of our actions on the rest of the EU. Too often we overlook that. Most seismic shocks have ripple effects and the EU is reacting in different and unexpected ways. One area is that its budget will have to change dramatically. Change is already starting to happen as the Commission and member states jockey for positions as a result of our decision. Who knows, it might become a very attractive unit of which we want to be a part in the future, but before that let us not forget that we cannot demand what we like. We will soon have to negotiate with the Commission, the EU Parliament, other member states, probably the WTO, EFTA and the EEA while keeping the devolved Governments on side as well. It is not an option for us to say how those negotiations are going to take place. It will be like playing chess against more than 30 people at the same time. That is why continued regular contact and good relationships with them are so important. Sadly, Mr Farage has served this country ill by his rudeness.

When it comes to trade and renegotiations, our position will be a tricky one. I gather that we have only 20 active trade commissioners, compared with the

600-odd specialists working for the EU. Can I ask my noble friend what plans the Government have to recruit from the private sector? Indeed, how many are needed to help the brightest and the best of our Civil Service in this endeavour?

I add my name to the questions posed by the Leader of the Opposition and the noble and learned Lord, Lord Wallace of Tankerness, on Article 50. I also ask my noble friend whether she expects the EU to invoke Article 128 before or after Article 50 is served. Can the Minister confirm that the noble Lord, Lord Kerr of Kinlochard, is right in saying that under Article 50 a withdrawal agreement must include the outlines of the future relationship and therefore the Swedish Commissioner is wrong to say that they are separate? Can an Article 50 notice be withdrawn and, if so, what is the procedure for that?

I have some other quick questions. What discussions have the Government had with the European Banking Authority about moving its headquarters from London? Has the leave campaign submitted a list of laws that they claim have been imposed on us by the EU and which they would like to see repealed immediately? Given the importance to Scotland of universities and scientific funding, what steps are being taken to ensure continued participation in programmes such as Erasmus and Horizon 2020? Given that these are delegated competencies, what action can Scotland take on its own in these areas? I have been told of provisional contracts and courses already being cancelled. What are our liabilities and commitments with regard to the EIB when we withdraw from the EU? In relation to the EU budget, what are our liabilities and commitments if we withdraw from the EU before 2020, and what will our position be if we have to help negotiate the next budget?

We are now a divided country, and today's debate has shown that. Sadly, the leave side are showing no signs of understanding the concerns of those who wish to remain. That needs to change. While I regret that we will no longer be at the top table in the EU, influencing decision-making, we have to move forward positively and together as a country.

9.31 pm

Lord Judd (Lab): My Lords, I am very glad to follow such a challenging speech. The Lord Privy Seal, in introducing this debate, laid great emphasis on her desire to see us starting the task of restoring confidence, trust and the credibility of politics in general. Of course we must do that. It is, however, a huge task, because it is very difficult to estimate the scale of the damage done by the recent campaign, which included a false prospectus, a total lack of any thinking about what was to happen if there was a vote to come out, and the gay abandon with which so much of the prospectus was discarded when the result became known. That was almost deliberate sabotage of the whole concept of political responsibility.

I was able to go to some estates during the campaign. The estates had just lost any sense of being part of a political process, and here was a chance, whipped up by opportunists, to register their protest. That, of course, is what happened. We have to rebuild connections,

not only with the estates but with a lot of people in society who feel that they are not part of the political process. It would be very difficult to say how badly betrayed many of our young people—among them the brightest and best—feel about what has happened. “Betrayed” is the right word. They feel that they were beginning to enjoy belonging to Europe, to enjoy the opportunities of working in Europe and of being in this wider community. They liked the sense of being part of an international community and they saw their hope being destroyed by what had happened. I asked myself how it contrasts with my formative political years, which were after the Second World War. What characterised the political debate then was that there was hope. People were thinking about what they were going to do for the future and how they would do it. There was a real political debate about that.

What is to be done? I suggest that in one sense the task remains very much as it has been for a long time. I have said in this House before—and I am sure I will be forgiven for saying again—that the first reality of existence in the modern world is to understand its total interdependence. In economics, we must find international solutions. We cannot find them on our own. We are not the centre and in control of a great British empire. That is long gone. We must find our way forward with the international community.

Then there is the single market. I have never understood how you can argue for a single market and not have the free movement of labour. It is not a single market if you do not have free movement. If we say that the free movement of labour is not possible for all sorts of social and other reasons, what are we thinking about compensatory policies rather than this blind shibboleth about the single market?

Take climate change: the consequences of climate change are accelerating all the time. There is no way we can solve those on our own. We must co-operate with others. Migration will itself be accentuated and speeded up by the effects of climate change. We are not on our own with health, either. Look at the concern and rushed emergency measures that had to be introduced when there was Ebola in west Africa. That is a melodramatic example, perhaps, but it is an example of the reality of the international interdependency in health.

I feel strongly about security as I care for the security of my own family and of my country—of course I do. Anyone working in the sphere of security will insist that we must appreciate how it has become an internationally interdependent issue. Security and terrorism are not national but international issues. People trafficking is an international issue. Crime has become internationalised. How can we deal with these issues if we are not co-operating with others?

As we go on with the Brexit arrangements, I want to hear the positive thinking by the Government about how we handle our part in the world. We should not just react but contribute to finding the way forward for the world community. We want to know more about what our strategic thinking is about NATO and about our relations with France, for example, with whom we have been building close relations, particularly in the maritime dimension.

[LORD JUDD]

We also want to know not just about numbers of migrants—how many can be accommodated and what control we have over immigration. That is to underestimate the significance of the whole issue. We must hear the positive thinking of the Government on how you enable the communities to which immigrants are coming in disproportionate numbers to absorb them. What are we doing about schooling, hospitals and housing in the areas where most of them come? This is the kind of positive thinking we need: we must know why and how we can do it better not as members of the European Union. How will we improve the situation? We must start hearing those arguments from the Government. I am very glad that the noble Lord, Lord Boswell, emphasised so trenchantly that the European Union committees of this House, which have gained such high significance and reputation in the world, will have a key part to play in overseeing the whole process.

9.39 pm

Viscount Waverley (CB): My Lords, the noble Lord, Lord Judd, rightly stressed that the European Union is so much more than economic affairs. He is absolutely right. The United Kingdom has not distinguished itself in its relationship with Brussels and EU member states over 40 or so years. Conceivably, our temperament was not conducive. The EU could have given us so much more if the relationship had been handled differently, with Britain taking partners through fewer disruptions and promoting the positive elements at home.

The undignified manner in which the referendum debate as a whole was conducted did not serve this country well. The upcoming Prime Minister and those charged with delivery on the mandate of the people might wish to display a degree of firmness, but in an appropriately polite manner now that the will of the people is known. We should encourage an immediate end to needless rhetoric. Within the European Union, we must build sympathy for our position, and not antagonism. We must establish an appropriate environment for relationship building and future negotiation success, not just with the Council and Commission, but bilaterally. Yes, we have a comparative advantage by being a major economy. Having access to it and by it will be key moving forward, but it is a new world order out there and maintaining our position of being the world's fifth largest economy could become a challenge.

The new world, where many of the opportunities now lie, is competitive in spirit and determined to succeed under its rules. In parallel, we must focus urgently on putting our domestic ship in order. Lessons learned from the alienation of Britain's working class by successive recent Governments in turn led the people to remind Westminster that they are sovereign. The Scottish vote, while appearing on the face of it to be wholeheartedly for the remain camp, did not deliver the strength of result many had expected.

The long summer ahead could become unsettled and a period of increased concern and tension. We should embark on an immediate national endeavour to understand the type of society we wish to become—one driven by social justice, forward thinking, innovative,

successful, tolerant, inclusive and giving the citizenry the qualities they expect in life, providing aspiration with opportunity. Let us strive to put the respect factor back into our vocabulary. Let us be visionary about health and education management, job satisfaction and security. Let us take the aggressiveness and stress out of day-to-day living. Let us start to become far-sighted in our forward planning.

Priorities have changed. Emphasis must now be on a new set of challenges. It can no longer be business as usual. We need to instil a sense of urgency. A rapid national consultative process is underway and should be undertaken to determine tomorrow's priorities. Now is the time to rekindle our relationships. Our ambassadors in EU capitals and globally will, I hope, be assessing developing local attitudes towards future Brexit negotiations in Brussels, and the scope for parallel bilateral and post-exit discussions.

In conclusion, government and negotiators must be held accountable, either throughout the process or at settlement stage. What will be the contribution of this Parliament to ensure the will of the nation is negotiated in the United Kingdom's long-term interest? In what order will the difficult questions ahead be addressed; agreement on the least contentious issues first, or turning minds to freedom of movement and trade access, for example? Will Parliament remain sovereign on the exit negotiations? If, after all this, the Government fail to negotiate a settlement in the national interest, and a groundswell of opinion appears to oppose, what then? Testing times, my Lords.

9.45 pm

Lord Glenarthur (Con): My Lords, I am among those who, while accepting the result of the referendum, deeply regret that it will lead to the United Kingdom's withdrawal from the EU. Of course, I share the frustrations of many about some aspects of the way the EU operates and the downside to us, as to others, often expressed as loss of some parliamentary sovereignty, which membership inevitably involves. But I certainly do not feel that it is in any of our own or our present European partners' interest to see the entire EU project shaken, and perhaps collapse, which our departure conceivably might precipitate and which some seem to wish for. Europe as a grouping is as important as any other international grouping in a truly international world, albeit in this case with a European Parliament to bring effect to common purpose within it. Much hinges, therefore, on the terms of our withdrawal and the measures that can be put in place to allow the UK to retain an association with the EU and its agencies post-withdrawal which does not massively disadvantage the United Kingdom or diminish its voice.

I would like to raise one rather specialised area involving regulation, and ask the Government what thought has, or is, being given to it, even in these early days. Although I shall deal with just one area, I suspect that the principles apply to many other regulatory and regulated interests. As various entries in the register of interests have made clear, for many years I have been involved in the aviation industry. This industry, in its various forms, is very tightly regulated. The noble Baroness, Lady Randerson, referred to this earlier

this afternoon. Our own UK regulator, the Civil Aviation Authority, has over the last 20 or more years become an agent for a wider European body, although it still retains a national remit. Initially, the United Kingdom became a member of the Joint Aviation Authorities, based in the Netherlands but working across Europe and influencing much more widely than that. In 2003, JAA morphed into the European Aviation Safety Agency, reaching full maturity in 2008. This agency sets the regulatory regime for all aviation in Europe, covering aircraft type certification, operations, maintenance, licensing, simulators and a whole host of other matters, including approval of organisations involved in the design and manufacture of aviation products, which, of course, are created worldwide.

In addition to member states of the EU, the countries of EFTA and, I think, members of the European Economic Area, are granted participation under Article 66 of the basic regulation and are members of the management board but without voting rights—something we have been fortunate to have all these years. There are degrees of wider association with EASA for countries across the globe, because aviation in many forms is of course truly international.

The United Kingdom has played a substantial part in getting EASA to a point where it is mature and successful. I have had some direct personal experience of that through bodies with which I have been involved over the years. We have brought influence to bear to support sensible progression in regular and sometimes innovative fields of aviation. We support strict safety regulations but we also strive continually to influence the authorities to ensure that regulations are practicable, well thought through and able to maintain the viability of emerging advanced techniques in aviation. However, the United Kingdom, acknowledged as expert in its aviation manufacturing and operating standards and skills, may well not be able to play anything like such an effective part in future, by virtue of its withdrawal. Who knows, we might not ultimately even be a member of EFTA or the EEA. Then where would we stand? All I can say is that our withdrawal would be much regretted.

When she winds up this massive debate, perhaps my noble friend will be able to give some assurance that, as part of the withdrawal process, the Government will do all in their power to ensure that the influential and powerful voice of the UK's aviation expertise and the experience of our own Civil Aviation Authority—and those who work with them—are not wasted or become less influential as we withdraw from the EU. A reduction in our influence on aviation regulation will be massively detrimental. Our expertise will be missed and its loss much regretted by those EU countries with which we have worked so closely and for so long.

9.51 pm

The Duke of Somerset (CB): My Lords, first it would be useful to analyse the causes and reasons for the unexpected and dismaying referendum vote. We know that large swathes of the poorer parts of the country voted out. These are areas of industrial retrenchment, mostly in the north and the Midlands. They are far from the south-east and London, which were more inclined to remain. It is job losses and

deprivation, stemming largely from the mining and steel crises of the 1980s, which have made people disillusioned with the political classes of all persuasions here in London. They feel ignored and abandoned, unheard and cut off from the wealth that emanates and dissipates from our great capital city.

Earlier, the noble Baroness, Lady Kramer, told us about the wealth generation that comes from the City of London. However, how many of the successful companies and enterprises based there have spread their wealth and success northwards? Have they sponsored or supported hospitals or schools, or any new housing? I think probably not. Globalisation is not working for many of the disadvantaged. The fact that big international businesses largely avoid paying any tax has been camouflaged by economic growth, so the better-off have not really noticed it. Austerity has also affected the lower-paid relatively hard.

It is secondary, and perhaps part of the media agenda, that migration has meant competition for jobs, access to services and housing. While I deplore and condemn the hate crimes that we have heard so much about this evening, I do not think it is always racism per se, but frustration and an easily identifiable blame target that is responsible. Far too many are disgruntled that the political and economic system appears rigged against working people. This perhaps explains why Mr Corbyn retains such high support among the Labour-voting non-elite. The massive long-term problem that a new Government need to tackle is moving wealth north and west, sharing it more equitably with all the regions of the UK.

We should also blame the unelected leaders of the European Union, Messrs Juncker and Tusk, for their arrogance, intransigence and head-in-the-sand attitude. Their failure to allow Mr Cameron any worthwhile concessions in his pre-vote negotiations is typical of their position of paralysis. Their fear of contagion ignores the increasing clamour for not only their resignations but changes of direction in EU policy, which might yet save the project from disintegration. This is what happened to earlier superstates such as the Soviet Union and the British Empire where regionalism and national identity were ignored. Some central European states reckon that our vote highlights the rejection by many EU citizens of increasing federalism, so any knee-jerk reaction by Brussels for deeper integration could create a two-speed Europe with the eastern countries wanting more repatriation of powers and more accountable democracy.

Freedom of movement is a fine principle but it has caused huge problems that have to be addressed. Improving housing and creating and encouraging jobs in our own deprived areas is one part but controlling migration is another. That we need overseas labour and talent is incontrovertible. The National Health Service and the food trade would soon collapse without them, so a points-based system that acknowledges our need for low-skilled workers may be best. This could be linked to a mechanism that limits overseas workers' ability to claim some benefits, such as that for unemployment. However, it is not too late to remind ourselves that EU citizens have contributed £20 billion more in taxes than they have taken out in benefits.

[THE DUKE OF SOMERSET]

We need a strong leader and a Prime Minister who will not allow us to retreat from the world or countenance isolation and intolerance. We must continue to embrace our European friends and strive to steer them away from the corrupt and largely unelected constitution that the disaffected people of the UK and Europe so despise. We can do this by being liberal and open with our future trading terms, minimising tariffs and, most importantly, giving immediate reassurance to those Europeans already settled and working in the UK. They contribute so much to our economy and must be allowed to stay here for good. Reciprocally, those British people living, studying and working in mainland Europe must be allowed to remain without restrictions or bureaucratic hurdles. Four of my children live in Europe or have European interests. One of them, in Naples, is translating between Italian doctors and Libyan and sub-Saharan boat refugees. Let us not condemn all our young to a narrow future of less opportunity, unable to work or to do good works outside this country.

Some noble Lords have suggested that we hold another referendum in two years' time when our exit position is clear. Can the Minister comment on the legal status of this proposal, which would involve rescinding Article 50 at that point? Such a course of action would allow the country to vote and decide on a political choice where we know the exact ramifications, which were unclear to many this time round.

It appears that our strongest negotiating card is to delay invoking Article 50. We should postpone that until the most important question has been answered: the question of the future of citizens living abroad on both sides of the channel. One hundred years ago, we experienced a catastrophic political failure that culminated in the Battle of the Somme and the Great War. The EU was created out of that horror. Let us not compound today's great political failure by not attending to this crisis without understanding and fixing the reasons, or by ignoring the potential of these islands to rise, shake themselves and point Europe towards a fairer and different route to prosperity, peace and optimism.

We live in a counterfactual democracy. What has happened to the admirable enlightenment and ambition for truth and clarity? Have modern politicians abandoned truth for dogma and half-truths? Where is this taking us?

9.59 pm

Lord Willoughby de Broke (UKIP): My Lords, I bumped into the noble Lord, Lord Howell, before coming back into this debate, and he reminded me of the old Chinese proverb which says that it is important to have the last word. I am delighted to have the last word, and I am sure that noble Lords, whatever they think of my views, will also be pleased, after a very long day, that this is the last word this evening.

I thank the noble Lords, Lord Flight and Lord Blencathra, for their generous words about Nigel Farage, and disagree totally with the noble Viscount. Without Nigel Farage and his brilliant leadership of UKIP, the people of this country would never have had the opportunity to have a referendum on whether they

wanted to continue to contract the government of their country out to Brussels or wanted to become a self-governing democracy again. It is thanks to Nigel Farage that we had the referendum, whose result was clear. There is no question of course of having a second referendum, as we have heard discussed tonight. That is absolutely off the table.

I agree with the noble Lord, Lord Naseby, that the Conservatives must now stop playing that popular parlour game Cluedo, whether it is Mr Gove in the parlour with the bread knife or Mrs May in the drawing room with the knitting needle—regardless of who did what to who, that is over. It is time that they organised themselves and elected a new Prime Minister as soon as possible, so they can get on with implementing the mandate given by the result of the referendum. That is absolutely clear. It does not really matter who is Prime Minister; they have the mandate and they must get on with it. That means there is no room for compromise on the basic arguments of the referendum: who makes our laws and who controls our borders. Those absolutely cannot be bargained away in some smoke-filled—or un-smoke-filled—room in the European Union parliament or any of the other buildings of the institutions of the EU.

I agree with the noble Viscount, Lord Trenchard, that we should not agonise too much over the single market. Let us just remind ourselves that we do not need to be a member of the single market to trade with the EU. We are a major economy, and all major economies, whether it is China, the United States, India, Canada, Australia or Japan, trade with the EU without being members of the single market—so can we.

I have a helpful suggestion for the Government at this stage. They should negotiate with the member states directly, leaving the entirely discredited Commission to wither on the vine. Nobody pays any attention to what the Commission says any more, particularly under the leadership of Herr Juncker, and we would get far quicker and better results if we negotiated directly with member states. I can already hear the objection that this runs contrary to the solemn and binding EU treaties, but of course the solemn and binding treaties have already been broken on many occasions. France and Germany both, in succession, broke the very solemn and binding stability pact. Later, "Mr Solomon Binding" was nowhere to be seen when the EU had to organise bailouts from some member states to others, directly contrary to Article 125 in the treaty of Lisbon. Mr Solomon Binding could be left on one side when it comes to negotiating with the EU. It is not the treaties that matter, but expediency, and the Government ought to remember that.

We have heard a lot tonight about the so-called misleading remarks made by the leave campaign during the referendum. That is an Oscar-winning case of the pot calling the kettle black. Let us just remind ourselves of what happened to all those absurd predictions made by the Prime Minister and his dream team of Mr Blair, Goldman Sachs and John Major. World War 3 has not broken out; we have not yet had an emergency Budget from the present Chancellor; manufacturers in our motor car industry have been at

pains to say they will continue to operate here and not move their factories elsewhere—indeed some of them are opening new factories here; the stock market is at, what, a three-year high; the weaker pound has made our exports more competitive; and Andy Murray is looking very good at Wimbledon. I nearly missed one

thing out: we can now run our own country. I do not think that is too bad a result.

Debate adjourned until tomorrow.

House adjourned at 10.05 pm.

Grand Committee

Tuesday 5 July 2016

Contracts for Difference (Miscellaneous Amendments) Regulations 2016

Motion to Consider

3.30 pm

Moved by Lord Bourne of Aberystwyth

That the Grand Committee do consider the Contracts for Difference (Miscellaneous Amendments) Regulations 2016.

The Parliamentary Under-Secretary of State, Department of Energy and Climate Change and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, before turning to the detail of these regulations I would like to make clear that this Government's commitment to delivering the secure, affordable and low-carbon energy supply that this country needs, and which the Secretary of State set out in her reset speech in November of last year, remains constant. The vote to leave the European Union does not change this Government's approach to these challenges, and we remain fully committed to delivering on our priorities, including encouraging the development of offshore wind where we see great potential—and where good progress is already being made—to get costs down and to deploy at scale. In fact, I met with representatives of the offshore wind industry this morning to discuss the opportunities that exist. The ability to provide good-quality jobs and apprenticeships and to support industrialisation of the whole supply chain, including United Kingdom companies, is just one of the elements that makes the industry attractive. We are proceeding with plans to hold a competitive allocation round for “lessestablished” technologies later this year and hope to announce the details of this as soon as practicable.

The regulations that are the subject of this debate will amend regulations concerning the contracts for difference scheme. The contracts for difference scheme is designed to incentivise the significant investment required in our electricity infrastructure, to keep our energy supply secure, to keep costs affordable for consumers and to help meet our decarbonisation targets. Contracts for difference, or CFDs, give eligible generators increased price certainty through a long-term contract of 15 years. This allows investment to come forward at a lower cost of capital and therefore at a lower cost to consumers. Participants in the scheme bid for support via a competitive allocation, which ensures costs to consumers are minimised. We plan to run the next allocation round in late 2016—details, although not yet published, will be brought forward shortly.

As noble Lords will be aware, the first CFD allocation round was held in October 2014, leading to contracts being signed with 25 large-scale renewable generation projects, at significantly lower cost than those projects would have cost under the renewables obligation scheme. While this scheme is operating successfully, the Government are looking to make a number of minor amendments: first, to ensure that an application for a CFD cannot be made where there is a pending application

for a capacity agreement in respect of the same unit, which would potentially distort the allocation for both processes; and, secondly, to improve the efficacy of the allocation process, including by making available non-price bid information to enable evaluation of the allocation rounds—information that would be held by National Grid and would be made available to the Secretary of State.

In order to implement our proposed amendments, four sets of regulations will need to be amended by this instrument: the Contracts for Difference (Definition of Eligible Generator) Regulations 2014; the Contracts for Difference (Allocation) Regulations 2014; the Contracts for Difference (Standard Terms) Regulations 2014; and the Electricity Market Reform (General) Regulations 2014. The instrument under consideration—that is, the Contracts for Difference (Miscellaneous Amendments) Regulations 2016—makes a number of minor and technical amendments to the current regulations. I will aim to run through these technical amendments briefly.

The amendments are designed to improve the effectiveness of the CFD scheme. The most significant of these amendments are: first, to ensure that an application for a CFD cannot be made where there is a pending application for a capacity agreement in respect of the same unit. This will ensure that an applicant cannot apply to participate in the CFD and capacity market auction at the same time and then make a choice of scheme, potentially distorting the allocation for both processes.

Secondly, the regulations set out the connection requirements applicable to generators who connect to the national transmission or distribution system, or to a private network, to align with the allocation framework. These are key qualification requirements for applicants who connect to the grid in this way, and having the detail in regulations will provide greater certainty to generators in advance of a future allocation round.

Thirdly, the regulations refine the procedures that apply when there is a need to delay or rerun the auction or allocation round, leading to greater clarity for investors.

Fourthly, they make a distinction between confidential price information and non-price information in a sealed-bid submission, which will ensure that the Secretary of State is able to obtain information relating to non-price sealed-bid data to evaluate the efficacy of the allocation round—non-price information could, for example, include the ratio of successful to unsuccessful projects or the number of bids in each delivery year.

Fifthly, they enable unincorporated joint ventures to participate in the CFD regime.

Sixthly, they ensure that only those bank holidays observed in England and Wales are considered within the definition of a “working day”. The proposal to focus on a single jurisdiction to define a “working day” allows for consistency of time periods and deadlines throughout the CFD regime.

Finally—seventhly—they allow for the Secretary of State to issue a direction to the CFD counterparty to amend signed CFD contracts where the sustainability criteria have been altered in subsequently published versions of the CFD.

[LORD BOURNE OF ABERYSTWYTH]

All of the proposals being implemented by this instrument were publicly consulted on and received a largely favourable response. Some concern was expressed about the proposal to split non-price data from confidential price information in a sealed-bid submission. We are confident that the non-price data can be effectively disaggregated from confidential price information and anonymised in such a way that individual projects cannot be identified. This will enable us to evaluate the efficacy of the allocation round.

As a final point, I would like to take the opportunity to assure noble Lords that the Government will continue to evaluate and monitor the reforms following implementation, making sure that the measures put in place remain effective and continue to represent value for money to the consumer. I beg to move.

Baroness Jones of Whitchurch (Lab): My Lords, I am grateful to the Minister for his explanation this afternoon. We accept that most of these changes appear to tidy up minor issues which have cropped up after the initial allocation rounds. Arguably, some of those problems might have been anticipated, but I will not make an issue of that this afternoon.

The most important amendment is to Regulation 14, seeking to extend the exclusion from possible conflict between CFDs and capacity agreements to cases where an application has been made for a capacity agreement but has not been determined. Therefore, as the noble Lord said, the new rules would stop duplicate applications to both allocations at the same time. I understand that this type of gaming is not desirable, although I also understand that the Minister in the other place admitted this had not ever happened in practice. In the meantime, can I clarify whether, under the new regulations, this prohibition works equally for both schemes, so that you cannot apply for either one while the other application is being processed?

Also, while we understand that the Government would not want to reward one company applying under both schemes, is there not some scope for companies to make some sort of initial application, on the basis that the applications take time to go through the several stages and be considered, before that company works out for itself which is the most right and appropriate application to pursue? I just wonder whether we are being rather too stringent on this and whether there ought to be some more flexibility for an initial application to be made before the final application is followed through. I think companies may find that that process makes it easier for them to decide what is in their best interests in the longer term.

Perhaps the noble Lord could give some clarification on these points, but I would make it clear that, in principle, we support the amended regulations.

Lord Bourne of Aberystwyth: My Lords, I thank the noble Baroness, Lady Jones, for her contribution and her general support for this instrument. As she rightly said, and as was stated in another place, there have not been any overlapping applications for CFDs and capacity market agreements so far. This is therefore a pre-emptory move to ensure that such overlaps do not happen. She is right to suggest that the prohibition would work equally for both schemes and in both directions.

On the noble Baroness's point about flexibility being desirable, so that a company might choose, it is our view that the details of the schemes are available and, obviously if they do not overlap, it is possible to apply for one and subsequently for another if the first application was unsuccessful. However, it appears to us—although we will keep it under review—that it is absolutely right that people make that choice. After all, the CFD and the capacity market are for different purposes. We believe that this is the right approach, but I assure the noble Baroness that we will keep her point under review and thank her for raising it.

With that, I commend the regulations to the Committee.

Motion agreed.

Electricity Capacity (Amendment) Regulations 2016

Motion to Consider

3.41 pm

That the Grand Committee do consider the Electricity Capacity (Amendment) Regulations 2016.

Relevant document: 2nd Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Department of Energy and Climate Change and Wales Office (Lord Bourne of Aberystwyth): My Lords, this draft instrument seeks to amend the main secondary legislation package for the capacity market scheme, which was part of the electricity market reform programme in 2013. The powers to make this implementing secondary legislation are found in the Energy Act 2013 which, following scrutiny in this House and the other place, received Royal Assent in December 2013 with cross-party support.

I remind noble Lords that the capacity market will address our electricity needs and ensure that there is a sufficient electricity supply towards the end of the decade and beyond. In brief, the capacity market will achieve this by making a regular “capacity payment” to providers who are successful in capacity auctions. In return for this payment, providers must meet their obligations to provide supply, or reduce demand, when the system is tight, ensuring that enough capacity is in place to maintain security of supply.

Ensuring that hard-working families and businesses across the country have secure, affordable energy supplies they can rely on is our top priority as a Government. That is why we already have firm mechanisms in place, working closely with National Grid and Ofgem, to maintain comfortable margins on the system in the coming winter.

Beyond that, it is essential that generators have confidence that they will receive the revenues they need to maintain, upgrade and refurbish their existing plant, and can finance and build new plant to come on stream as and when existing assets retire. Equally, we want to make sure that those who are able to shift demand for electricity away from periods of greatest scarcity—without detriment to themselves and the wider economy—are incentivised to do so.

That is why we have the capacity market. The first two capacity market auctions took place in 2014 and 2015 and the first of two separate auctions, focusing on demand-side response, took place at the beginning of 2016. These resulted in a good outcome for consumers, as fierce competition between providers meant that we obtained the capacity we will need at prices below the levels many had expected. That translates to lower costs on consumer bills.

To ensure that the capacity market remains fit for purpose, my department has reviewed the capacity market mechanism in light of experience gained in these auctions. The clear message from industry and investors is that the mechanism retains their confidence and is the best available approach for ensuring our long-term security of supply. They also stressed that regulatory stability is crucial.

3.45 pm

At the same time, we heard concerns that we must do more to protect against delivery risks, that we need to tighten the incentives on those who have been awarded agreements to honour those agreements, and that we must avoid the risk of under-buying, or buying too late. United Kingdom electricity market conditions have also changed considerably since 2014, when the capacity market was established. The huge reduction in global commodities prices has lowered consumers' energy costs but has pushed many generators into loss-making territory. As a result, several plant closures have been announced earlier than was anticipated, in 2014, and other generating plant may be at risk.

In order to address these points, this instrument will provide for: first, a new supplementary capacity auction for delivery of capacity in 2017-18—that is a one-off capacity option—with, secondly, minor reforms to help the capacity market deliver its objectives. I will set out the most significant amendments in turn.

First, these regulations make provision for a supplementary capacity auction to be held this coming winter for delivery in 2017-18. Running this auction mitigates the emerging increased risk to security of supply in 2017-18 by ensuring that enough capacity is available for that year. This acts as an insurance policy against a material risk of plant closures, which we believe is real. Our analysis shows that this approach is expected to be up to £8.4 billion cheaper than an alternative scenario in which further plant closures would have occurred.

These regulations also make provision for a number of amendments in light of my department's review of the operation of the capacity market. Our public consultation exercise outlined the need for a robust system of checks—both on new-build projects to ensure that they are on track to deliver and on existing plant to ensure that they honour their agreements or that their operators do so. At the same time, it recognised the importance of ensuring that the system is not so punitive that legitimate projects are dissuaded from participating in the first place.

We have evidence that, despite the termination fee regime already in place, there have been instances where capacity providers have viewed their obligations as relatively low-cost options and have contemplated renege on their commitments. I am therefore proposing

measures to help ensure that new-build capacity that wins a capacity agreement has the appropriate incentives, and is exposed to a robust assurance regime, to deliver against their agreement. These measures include increases in credit cover for projects which cannot demonstrate sufficient progress against the required milestones, and limited but material increases to the termination fees which all those with an agreement must pay if they renege on their commitments. Through the supporting *Capacity Market Rules*, I am also proposing a prohibition on failed projects from participating in future auctions, and increased monitoring and reporting milestones.

These regulations also include measures to ensure that a secondary trading market can develop that supports investment in capacity market units. These changes would improve the current regulatory framework by dealing with the interaction between transfers of agreements and the penalty regime.

Finally, the transitional arrangements auctions—which is what these are—are aimed specifically at the demand-side response sector in recognition that it is a relatively small and immature sector. We are keen to ensure that funding provided through the next transitional arrangements auction is targeted to those types of resource that need it most, and these regulations therefore refine the eligibility criteria for the second transitional arrangements auction so that it focuses on genuine demand-shifting, turn-down DSR, rather than the small-scale generation, including diesel, that won many of the agreements in the first auction. So, that is a second type of auction: we have the supplementary capacity mechanism, and these transitional arrangements apply specifically to the demand-side response sector.

My department consulted on these changes across two consultations, in October 2015 and in March of this year. In total we received more than 200 responses to the two consultations. There was significant support for the majority of the Government's proposals, particularly the supplementary capacity auction, refinements to the eligibility criteria for the second demand-side response transitional arrangements auction and the core proposals relating to delivery incentives. These regulations implement these proposals. I look forward to hearing what noble Lords have to say on these proposed changes. I beg to move.

Baroness Jones of Whitchurch (Lab): My Lords, I am grateful to the Minister for setting out the intentions behind the amended regulations today. I have to say at the outset that the strategy for maintaining energy supply consistency does not seem to be working out quite as well as the Minister would have had us believe in his comments earlier and just now. We seem to be moving to a place where what was once a vibrant independent energy market is increasingly making investment decisions based on the government subsidy that is available. The more that the Government intervenes, the more their interventions skew the overall energy capacity available.

Of course these latest proposals have to be seen against the backdrop of government policy shifts that have created huge uncertainty and risks for investors, deterred investment and put up costs. The Minister will have debated with my colleagues on numerous

[BARONESS JONES OF WHITCHURCH]

occasions the negative investment impact that has arisen from pulling the plug on schemes such as feed-in tariffs and the renewables obligation. I do not expect him to agree with me but we would contend that some of the problems with which he is now trying to grapple are essentially of the Government's own making.

The original intention of the capacity market scheme was to attract new investment, encouraging gas-fired power stations in particular, but it seems to have completely failed in that objective. Instead, the subsidies seem increasingly to be used to reward existing profitable suppliers, including nuclear power stations. For example, nuclear power plants have so far received payments amounting to £153 million for 2018 and £136 million for 2019, despite the fact that they were almost certain to remain open during those years without receiving those subsidies.

Incidentally, I could use this opportunity to raise again with the Minister the question marks over Hinkley Point, given the outcome of the referendum, which has fuelled further concerns about the commitment of the French Government to that investment, but I realise that he will feel obliged to repeat the mantra that all is well in that investment until eventually there is overwhelming evidence that that is not the case and the deal finally falls through. So I understand that he is limited in what he can say on that.

There is also a question mark over whether the capacity market interventions will run counter to the Government's other binding commitments to reduce pollution, given that some of the beneficiaries are coal and diesel generators. Indeed, my colleague in the other place, Lisa Nandy, made a telling point that there is a danger that consumers will be paying twice for policies pulling in opposite directions: they will pay once to drive coal out of the system via the carbon price floor, and once to keep it in the system via the capacity market. We are now reaping the effects of ill-thought-through market interventions, with consumers bearing the ultimate cost.

The Minister may be aware of the recent report from the IPPR think tank into the workings of the capacity market. It underlines the argument that these measures work against decarbonisation. They have provided a lifeline for several old coal-fired power stations, which received a total of £373 million from the first auctions. They have also heavily incentivised the proliferation of new diesel generators, which are even more polluting than coal. The report also makes the point that the capacity market is designed around the requirements of large power stations rather than smart energy technologies, such as demand response and electricity storage.

Has any consideration been given to introducing an emissions performance standard, which could be applied to all those in receipt of the capacity payments? Is the department giving any thought to how the capacity payments could be used to incentivise gas power plants using carbon capture and storage if they are to stay open in the longer term? Is the department prepared to consider variable subsidies so that the new technologies, which could provide a longer-term solution, do not have to compete with traditional power station generators for support?

Having said all that, the specific proposals in the amended regulations to increase the penalty for non-performance clearly make sense. It cannot be right for suppliers to accept subsidies and then walk away from the contract anyway. It is also right that there should be a robust system of checks on new-build and existing plant to ensure that agreements are honoured.

Finally, does the Minister feel that the financial assessment of the cost benefits of the new auctions, in what is clearly a volatile market, can be relied on, and is there a mechanism for revising such calculations in the light of changing market responses? Does he feel that enough stress-testing has been done to interrogate the market effects of introducing one-year auctions when we are trying to encourage longer-term planning and investment? I look forward to his response.

Lord Bourne of Aberystwyth: My Lords, I thank the noble Baroness, Lady Jones of Whitchurch, for her qualified support—I think she gave some support to the basic thrust of what we are seeking to do—and I will endeavour to respond to the points she has raised.

It is ironic that the Official Opposition have put forward a more market-based approach than the Government on this occasion. I feel that intervention is necessary, and the regulations have been brought forward on that basis. As I have said, the No. 1 priority for this Government, as I would think for any Government—I have yet to hear otherwise—is to ensure that we have security of supply and that the lights are kept on. In the broader sense, we need to ensure that our hospitals can carry out operations in a timely way; at the most basic level, we can see why that is so important.

Such interventions are necessary. As I have said, the changes that have occurred in the market since 2014, with the massive drop in commodity prices, have made many of the regulations necessary. Some power stations have closed. The noble Baroness will know that the Government are totally committed to the closure of coal-fired stations. That is something that only this Government have brought forward. We have said that unabated coal-fired power stations will end by 2025—that will be put out for consultation—subject to ensuring we have security of supply. We are the first developed country in the world to indicate that we will do so, ahead of all our European colleagues, the US and so on. As a country, we can be proud of that, and I hope that the Official Opposition support it.

The noble Baroness talked about the importance of underpinning renewables. That is certainly true, but we cannot rely totally on renewables. We need baseload to support renewables, which is what the regulations are about. She said she would refrain from mentioning Hinkley Point C, and then she did so. Having heard her dismal litany, I am obliged to say that the mantra she expected in response is indeed what we believe to be the case. Last week, I discussed this with a Chinese Minister, who is fully committed to the project, and we understand that the French Government are as well. It remains central to our energy policy, and I hope we can avoid talking down this area of activity, because the supply of nuclear is essential for us.

The noble Baroness mentioned diesel generators. I share some of her concerns, so I can understand where she is coming from on this point. As she will appreciate, this area cuts across government departments. Some of it rests with Defra, which we expect will announce consultation proposals in the autumn, ahead of both the next round of auctions and, indeed, the supplementary capacity auction that we are dealing with. We therefore expect bidders to be aware of likely future restrictions on their generation, and their bidding behaviour will adjust accordingly. We cannot anticipate precisely how that will go, but the consultation is being held with a view to ensuring that we can restrict diesel. I share the concerns she has expressed on that point, so I hope that that offers her some comfort.

In general, the noble Baroness will know that the auctions operate in relation not just to providing additional capacity but to the demand-side response of reducing capacity. That is central: we are looking not just to build in more generation but to restrict existing generation and to shift it. I hope that that will again provide some comfort to her. I should also say with regard to diesel that Ofgem will consult on proposals to tackle embedded benefits in due course, so action is going on elsewhere in government to deal with the diesel generation issue, which I recognise; I previously indicated in the House that we would look at it, as indeed we are.

Once again, I thank the noble Baroness for the qualified enthusiasm for the regulations she was clearly demonstrating, although she managed largely to restrain herself, and I commend the statutory instrument to the Committee.

4 pm

Baroness Jones of Whitchurch: Lest the Official Opposition, as he describes me, are totally misrepresented, I would say on intervention and regulation that our position is that when you do it, it should be smart intervention. There is always a danger in any regulation that you encourage perverse outcomes if you do not think through its consequences. I was just warning against some of those perverse outcomes which can occur, particularly when you deal with large sums of money, as we are here. However, I do not want to go back over the Minister's clarification of other points but simply wished to say that on that basis we are happy to support the regulations.

Lord Bourne of Aberystwyth: My Lords, that is a perfectly fair point, and I thank the noble Baroness.

Motion agreed.

Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016

Motion to Consider

4.01 pm

Moved by Lord Gardiner of Kimble

That the Grand Committee do consider the Water and Sewerage Undertakers (Exit from Non-household Retail Market) Regulations 2016.

Lord Gardiner of Kimble (Con): My Lords, these regulations will enable the implementation of important reforms from the Water Act 2014 to extend competition in the market for water services. The development of these regulations has been a very thorough exercise. We have consulted widely, as there are intricate elements. We are confident that we have taken the time to secure regulations that are fit for purpose to meet the objectives of the Water Act 2014.

From April 2017, all 1.2 million non-household customers such as businesses, charities and public sector organisations will be able to switch to a new provider of retail services for their water and wastewater. It is estimated that this will deliver a net benefit of around £200 million to the UK. These new "retailers" will be responsible for all customer-facing services such as billing, meter reading, call and complaint handling and the provision of all water efficiency advice. These customers will get the same water from the same pipes and have their wastewater taken away as they do now, but they will be able to choose their retailer in the same way as they can choose their energy or telecom providers. Non-household customers are keen to have this choice, and the Government's decision to expand retail competition was made in response to clear demand from business customers. Our reforms will mean that they are free to negotiate for the package that best suits the needs of their business.

Currently, the law requires water and sewerage companies to provide both wholesale and retail services to all the premises in their area of appointment. During the passage of the Water Bill through Parliament, the Government brought forward amendments designed to enable such companies to decide they want to stop offering retail services to their non-household customers once the new market opens. The amendments to enable retail exit reflected a strong cross-party consensus that competition would deliver better results for customers if, as well as new retail businesses being able to enter the retail market, existing water companies were able to withdraw. Providing choice is a key driver for our retail competition reforms. Just as customers will be able to benefit from increased choice over their retailer, so, too, will water companies benefit from being able to choose whether they wish to compete in the new market. Enabling exit will allow water companies to make informed choices about their retail strategies. The Government are not seeking to require companies to exit, nor are they seeking to shape the market in any particular way. The purpose is to put in place a framework that will allow the competitive market to evolve as effectively as possible.

The Water Act 2014 includes a power for the Secretary of State to make regulations allowing water companies to apply for permission to exit voluntarily the non-household retail market. Today we are considering the regulations that make retail exit possible. The Water Act 2014 enables the extension of retail competition to non-household customers only. The Government have more recently committed to review the costs and benefits of extending competition to household customers. The regulations before your Lordships today, however, have no implications for householders.

[LORD GARDINER OF KIMBLE]

I should also point out that the powers in the Water Act 2014 allow only those water companies that operate wholly or mainly in England to exit. That includes Severn Trent Water, which operates mainly in England but also partly in Wales, and its customers subsequently will be able to switch their water and wastewater provider. These regulations do not allow companies that operate wholly or mainly in Wales to exit, although the current market arrangements already allow their non-household customers who use 50 megalitres of water a year to switch to a new water supplier, and this will not change.

As I said, the draft regulations have been through a very thorough process of consultation. We are confident that there is clear support for these regulations from across the water industry, consumer groups and Ofwat, and that they are fit for purpose. A first consultation informed the development of the policy on exits and built consensus around our approach; a second focused on the detail of the draft regulations themselves. A draft of the regulations was provided to the House of Commons Select Committee on the Environment, Food and Rural Affairs to ensure that its members had an opportunity to comment on our intentions. Indeed, earlier this year I also wrote to eight noble Lords who I knew had taken an interest in retail exits policy at the time the Water Bill was being debated, again to ensure that all those who wanted to comment on the draft regulations had every opportunity to do so.

These regulations have two main objectives. First, they set out the process those companies wishing to exit the market for non-household retail services must follow. This process, which we are committed to making as light-touch as possible, provides for companies to apply to the Secretary of State for permission to exit the non-household retail market in their area of appointment. On approval, the company would transfer its non-household retail business to one or more alternative retailers. The Government have produced a simple application form, along with guidance, to help companies with their applications to the Secretary of State. This has been consulted on and a draft is available to help water companies plan ahead of the application process that is set to open on 3 October 2016.

Secondly, the regulations provide a lasting regulatory framework for customers and companies following an exit. Safeguarding customers is a key concern. We expect competition to deliver higher levels of service, keener prices and greater innovation in the provision of retail services. The Government also want to ensure that customers retain access to the same standards of protection, whatever their water company chooses to do. These regulations will ensure that no customers should be worse off because their company decides to exit. This principle of equivalence, therefore, underpins a number of safeguards within these draft regulations. They ensure that all customers will have access to good contractual terms, be protected by Ofwat and be assured of access to a retail service even if something were to happen to their new retailer.

Customers who are transferred as part of an exit and do not have formal contracts in place will be subject to a deemed contract with the new retailer. The terms and conditions of those contracts must

comply with a code produced by Ofwat. All retail businesses accepting a transfer of customers will be water supply and sewerage licensees. Ofwat is responsible for the licensing process, which opened in April this year. It closely examines the business plans, management resources and financial viability of all applicants before any licences are issued.

Before applying to the Secretary of State for permission to exit the market, a water company will need to reach agreement with a licensee willing to take on its non-household customers and fulfil the requirements of the exit regulations. Of course, in the new competitive market customers will have the ultimate protection of choice. Should any retailer fail to meet their expectations of customer service, they will be able to take their business elsewhere. Customers will be informed of their company's intention to exit well in advance, and will be free to switch to the supplier of their choosing.

It is important that we deal with these regulations now to enable them to come into force in time to allow any water companies that wish to exit this market to do so when it opens in April 2017. The regulations will need to come into force by 3 October this year to allow us to open the exit application process six months before the market is due to open. This will provide certainty to those water companies wishing to exit and enable them to make the necessary preparations and communicate with their customers, as required by the regulations.

I express my department's thanks to all those who have contributed to the development of the draft regulations, including noble Lords here today. I and the department are most grateful. The regulations are the result of detailed work with the water industry, prospective entrants and customer groups. They give choice to the industry, protect customers and put in place a framework that will allow the competitive market to evolve effectively. For those reasons, I commend the regulations to your Lordships and beg to move.

Lord Moynihan (Con): My Lords, I commend the Minister for his opening speech. The draft statutory instrument before us reflects many hours of debate in your Lordships' House. His words were not exactly in sync with the Minister at the Dispatch Box when we began this journey, and I note with interest that he mentioned that the pressure for these changes came from business customers. It would be fair to say that on the question of timing there was pressure from noble Lords from all sides of the House, who together recognised the importance of these measures for customers. Without that concerted effort, I do not believe that we would have met the timetable that the Minister has set out today. I echo his thanks to other noble Lords from all sides of the House who worked so diligently to ensure that retail exit was in the then Water Bill.

One key point that my noble friend has raised is the issue of timing. I am grateful to him for keeping us informed—he referred to a letter that he had written to a number of noble Lords—and for ensuring that we had every opportunity to contribute to the debate and the deliberations on this issue. In his letter of 23 March he mentioned that there was only one final step to

take: the finalisation by lawyers of the then regulations. We have moved a significant time forward since 23 March, and I am very concerned and interested to hear from him that we will meet the April 2017 deadline. This is a complex issue, as my noble friend has mentioned; it is a thorough exercise. Meeting the April 2017 deadline is vital.

In that context, exemplary work has been done by Ofwat, by Cathryn Ross and her team, to achieve the objectives that the Government have set out and that deadline. There is no doubt that we have a first-rate regulator who is keen to ensure that everyone involved—those companies that choose to implement the changes, while others are putting in place deemed contracts and the changes necessary to ensure that the market works—has the full attention of Ofwat to ensure that that process takes place.

4.15 pm

It was not an easy start to the year in that context. There was the abandonment of the decision to appoint WICS, led by Alan Sutherland, then we moved on to the election of Market Operator Services Limited—MOSL—the delivery body to keep the programme on track and create a non-domestic water market ready for April 2017 implementation. Alan Sutherland deserves thanks from all sides of this House. There is no doubt that his experience and input were significant at the time, and that has subsequently been shown to be the case. Can the Minister absolutely confirm that in his view the market is ready for the April 2017 deadline? Can he let us know what action will be taken against those who are unable to make that deadline, and who is mandated to take such action?

The Minister also mentioned the restriction of this initiative to non-domestic customers. There was no interest during the passage of the Act to extend these measures—in other words, retail competition—further than major industrial, non-domestic customers. At the time Defra gave an explanation of this approach in one of its briefings, stating:

“The Government does not intend to extend retail competition to householders at this stage. There is no evidence to suggest it would provide enough direct benefits for householders, given the low margins involved in water pricing. The circumstances in which business customers are most likely to benefit from retail competition are not relevant to householders (unlike multi-site business customers, for example, who would benefit from one national bill).”

Then, even to the surprise of those of us who follow the water industry closely, the Government announced in November last year that they intended to begin a transition to extending retail competition to domestic customers before the end of this Parliament. This formed part of the wider Treasury plan to look for new ways to promote open and competitive markets, as set out in its report *A Better Deal: Boosting Competition to Bring down Bills for Families and Firms*. This meant that while domestic water customers will not have the opportunity to switch their water supplier as early as the non-household sector in 2017, the Government intend to extend retail competition to domestic customers in due course. I would be grateful if the Minister could comment today, with a little more clarity than was in the Treasury document, on the timing and approach necessary to achieve that objective within what will be

a tight timetable if legislation is to be passed by both Houses within this Parliament. What work is moving forward on that front, not least on the consultation exercise that will be necessary?

I conclude my opening remarks by welcoming the decision by the industry to take action in the context of the measures before the Committee today. It was good to see Portsmouth Water's announcement in January, and only last month Southern Water was the second water company to announce its plans to exit. The deal it struck with Business Stream was of sufficient magnitude to create the third-biggest company in the UK non-domestic water market, with a combined market share of more than 10%. It set out in its statement, which I will not repeat today, many of the virtues and the benefits which the Minister rightly outlined in his opening remarks. It is important to recognise that other companies are ready and willing to move in the same direction—Southern Water will certainly not be the last.

Again, I emphasise in closing the vital importance of keeping this as an absolute priority for the department and the Minister, making sure that we do not lose any time. I hope that the companies and everybody involved will not focus on starting work on 3 October 2016, when this comes into force, but that if they have not already started detailed work they make sure they do so now. The support of all sides of the House, which I hope will continue on this subject, and the statutory instrument before the Committee today give them the opportunity to get going now, to see the detail and to make sure that the implementation of a wide range of important measures is prioritised in their planning and boardrooms.

With those remarks, I again thank my noble friend the Minister and his officials, who worked exceptionally hard to face a significant addition to their workload at the end of the Bill's process through this House a couple of years ago. I was not their favourite Member of the House of Lords at the time for being so proactive on this, but I respect them and place on record my thanks to them for the enormous amount of hard work that they have done so far. I ask that the Minister and his officials make sure that both the impetus and priority for this legislation continue right the way through to the market's successful opening—as I believe it will be—in April 2017.

Baroness Parminter (LD): My Lords, I too thank the Minister for the thoroughness with which he introduced these regulations and for the way that he has opened up consultation to Members of this House and elsewhere on this matter. That was in stark contrast to the way that this initiative was introduced during the passage of the Water Bill, which has been somewhat glossed over this afternoon—at the time, my noble friend Lord Marks of Henley-on-Thames referred to it as being introduced not at the 11th hour but at one minute to midnight. It was poorly done, but it is encouraging that since that time both the department and outside stakeholders have worked hard to ensure that the consultation and parliamentary scrutiny that I and others insisted on have happened. I thank the Minister and the department for that.

[BARONESS PARMINTER]

While I accept the comments of the noble Lord opposite that there was cross-party support for the proposal, it was not unalloyed support. Although my party was not against the proposal in principle, we were concerned about the complexities, the way in which the proposal was introduced and the need to protect the rights of customers—and I want to touch a bit on that. The Minister said that these regulations will have no implications for householders, but we must be concerned not only with those in the non-household market who will be affected but those households who will remain with incumbent providers that cannot divest themselves of their household customers. Such people could be stranded, and therefore these regulations will have implications for household customers.

Secondly, although at the time we in the Liberal Democrats welcomed the potential to innovate in retail services, which these regulations should provide, we were very concerned about ensuring that we should not lose the water-saving initiatives, which up until then had been delivered by water providers working together with their retail arm. The potential for such water-saving initiatives must not be lost, given the very severe water shortages that we face in certain parts of the country. For those two reasons—the need to protect all customers, both household and non-household, and to ensure that water-saving initiatives would not be lost—we asked for the fullest parliamentary scrutiny. I am pleased that the department has delivered on that.

I have just two questions for the Minister. Under “Monitoring & Review”, which I think is a fairly standard exercise for all such regulations, the Explanatory Memorandum talks about monitoring whether the regulations have “met their intended objectives”. However, the intended objectives make no reference either to the need to protect those household customers who will in effect be stranded or to the need to ensure that there is no diminishment in the opportunities for water-saving initiatives. That concerns me, so I ask the Minister to give us a reassurance that a full review of these regulations will be undertaken before any decisions are taken to extend their effect to the household market.

My second question is, given that the Government have now asked Ofwat to look at the cost-benefit analysis of extending the provisions to the household market—which suggests they are increasing the priority they are giving to this area—can the Government confirm that, in terms of new legislation and issues for the future, water abstraction regime reform is the top priority for this department, given that it will have significant constraints on its time over the forthcoming months and years because of the impacts of the Brexit decision? Given the fact that CAP accounts for 40% of the budget, there will have to be an awful lot of changes in the department. Can the Minister reassure us that water abstraction remains the priority, not extending to the household market provisions that are still unclear and untested and over which a number of us have serious concerns? Will that happen before the initiative to split the retail arm from the wholesale arm is extended to the retail market?

Baroness Jones of Whitchurch (Lab): My Lords, I thank the Minister for introducing the regulations today. I very much endorse the thanks that he and others who have been involved in this—the noble Lord, Lord Moynihan, and the noble Baroness, Lady Parminter—have extended this afternoon.

As has been said, we support in principle the extension of competition into the retail market for non-household water and sewage service so that charities, businesses and public sector organisations can switch their supplier. We accept the corollary of this new flexibility, which is that providers should also be able to exit the market, provided that the public interest test is met. For the scheme to work well, though, a number of practical guarantees have to be in place. I therefore have a few questions that I hope the Minister can answer.

First, in the submissions to the consultation there was a bit of a running theme about the incomplete asset location records making it difficult to accurately specify which undertaker is currently providing which service. Is the Minister confident that the proposed measures address that issue effectively? In other words, will there be, if you like, a land and business register that we can all have confidence in regarding who is supplying to which address and what that supply is? Is it intended that those records will be kept on a national IT system? Does the Minister have confidence that that system will be comprehensive and robust enough to store all those data properly?

Secondly, although actually I think the Minister has answered this, is he proposing that domestic business users will have a guarantee that an alternative provider will always be available, and is he saying that that will be underpinned by the public interest test that will always guarantee that? Thirdly, what requirements will be placed on companies to ensure that their customers are always made aware of their plans to exit, and that those customers are given sufficient time to find an alternative provider?

Lastly, I want to tease out what the Minister said about no company being worse off. I am thinking of isolated communities, particularly isolated businesses, that might have been on a longer-term promise that they would have expensive upgrades of water and sewerage provision in future, such as the laying of new pipes or whatever. You could imagine that an existing supplier might think in retrospect that they would rather not have that rather expensive outlay on their books. Is a guarantee built into the scheme that those expensive businesses, which a lot of suppliers might not consider economically viable, will nevertheless maintain a supplier? In other words, is there a guarantee that they will not just find that they are dumped on another supplier who is not prepared to make that longer-term investment and provide the upgrades that they might have been expecting from their original supplier? If the Minister could confirm that that longer-term investment would be guaranteed, as well as the initial supply of water and sewerage services, that would be reassuring.

Apart from that, both the noble Lord, Lord Moynihan, and the noble Baroness, Lady Parminter, raised important questions and I look forward to the Minister’s response on those matters.

4.30 pm

Lord Gardiner of Kimble: My Lords, I thank your Lordships for what I think is a broad range of support for the regulations that the Government have brought forward.

I am conscious of the many hours of debate to which my noble friend Lord Moynihan referred. If I was not sufficiently fulsome, may I be even more fulsome in recognising the assistance of your Lordships—particularly some of those here, but also some who are not present—in making a significant contribution to where we are now? As a supporter of your Lordships' House, it would be fair to say that this is precisely the reason why I try to persuade people, when I am out and about, that this place can get down into all the detailed, hand-to-hand fighting. I hope that we will come to a result that is undoubtedly in the public interest. If I may, I will put on the record even more fulsome praise of Members of your Lordships' House. It is also entirely appropriate, and we do not do this often enough, to thank the officials who have to implement what we have all wrestled with and decided on. I am delighted to add those points, which pick up what my noble friend said.

I want to deal with some of the points that your Lordships raised, particularly my noble friend Lord Moynihan's point about teasing out the household customer situation. Let me set out our stall: we want to have good evidence on the potential for household competition and the benefits that it could bring for customers. We have asked Ofwat, as the independent economic regulator, for an analysis of the potential costs and benefits for household customers, and we believe it will be due in September. Obviously the introduction of household competition would require amendments to be made to primary legislation and, indeed, changes to Ofwat's price review process. There would also need to be an agreed practical timetable for delivery. We are moving in the direction of understanding more about this but, as we have done for non-household customers, the whole purpose is to ensure that the customer has the best choice and the best outcome. All I can say is that we will look at that very carefully, and I am confident that noble Lords will assist us in that when we come to do so. That work is in hand.

My noble friend mentioned the timetable and asked whether we would meet the April 2017 deadline. There is a clear plan for working towards market opening. Exit applications open on 3 October—companies will have exit decisions to make—and we are on track to open the market in April 2017. My understanding of all that is going through and of the work being undertaken is that we are on track to achieve what we hope to by the April 2017 date. As to what action we will take against companies that are not ready for next April, Ofwat is putting in place a licence condition requiring water companies to make all necessary preparations for market opening in April 2017.

The noble Baroness, Lady Parminter, asked about stranded household customers. It is obviously important that all customers are looked after. Household customers will remain with the incumbent water company and will continue to be protected through five-yearly retail price controls, which will ensure that bills remain fair

and affordable. Information relating to costs and efficiencies obtained by Ofwat from the competitive market will help to inform its decisions on setting appropriate price limits for the household market. There will also be crossover benefits for household customers as innovative services are developed for the non-household market and adopted by household customers. Clearly, the whole purpose is to ensure that the customer is well protected. I am mindful of what the noble Baroness said, and it is something that we should always have uppermost in our considerations.

The noble Baroness asked about legislative priorities and review. I hope that all noble Lords will understand that I am really not in a position to comment on the future legislative timetable—it is fair to say that that is way above my pay grade—but obviously I understand what she is saying.

There will be a review of the exit regulations, which is all part of a normal process. We are committed, as we were during the passage of the Water Bill, to report to the House on progress towards abstraction reform before 2019. I am well aware that although, with our weather, most of us farmers do not see water shortage as a problem—I can tell the Committee that there is no haymaking at the moment—I can say that this is obviously something that we need to have in place. The supply of water for households, industry and non-household customers is imperative.

I turn to some of the points raised by the noble Baroness, Lady Jones of Whitchurch. The database is being developed by MOSL, with the intention of being fit for purpose. It is currently being tested by market participants, ready for the next phase beginning in September. The noble Baroness asked whether there was a guarantee that all customers would have a supplier. Yes, because the exit regulations secure that all non-household customers will continue to have access to a supplier for retail services.

I am just looking to see whether other points were raised by your Lordships that I have not covered. I shall look at *Hansard* to see whether there are detailed points that would be more helpful. I am mindful that sometimes when matters begin here, they need some digesting. I sense, because I was not here at the beginning, that what has happened has been a success story of people who know a lot about this industry contributing to this process. As my noble friend said, it may involve considerable work for officials and others, but in the end this is what we are here for. We want to get the right solutions, particularly when we have intricate regulations such as these.

We want to get it right. After all, we are dealing with customers who want to be protected, and indeed we want to inform and enable companies to do their best for the customer. That is the whole essence. While I was not involved in the Water Bill proceedings, I think your Lordships offered up to the Government that this was about competition, and we were looking to provide encouragement for customers. That is why, after this lengthy work—I hope noble Lords will understand that I have made my best endeavours to ensure that they have been kept in the loop of what we are trying to do, and have given them the opportunity

[LORD GARDINER OF KIMBLE]

to comment—I feel confident that we are in the best position we could be. That is why I commend these regulations to your Lordships again.

Motion agreed.

Electoral Registration Pilot Scheme (England) Order 2016

Motion to Consider

4.39 pm

Moved by Baroness Chisholm of Owlpen

That the Grand Committee do consider the Electoral Registration Pilot Scheme (England) Order 2016.

Baroness Chisholm of Owlpen (Con): My Lords, the instrument before the Committee establishes a pilot scheme under Sections 7 and 9 of the Electoral Registration and Administration Act 2013. New Section 9D(3) of the Representation of the People Act 1983, inserted by the 2013 Act, requires the annual canvass to be conducted in the manner set out in the Representation of the People (England and Wales) Regulations 2001. However, this draft order disapplies that requirement for electoral registration officers—EROs—in Birmingham, Ryedale and South Lakeland; instead it requires EROs in the specified areas to attempt to make contact with a person at each residential address in the area for which they act at least once between the date when the order comes into force and 2 February 2017. The manner in which they do so, however, and whether they take further steps where no information is received in respect of a particular address, will be at the ERO's discretion. This will enable EROs to test new and innovative approaches to canvassing. The Electoral Commission will report on the pilot scheme and provide a copy of its evaluation to the Chancellor of the Duchy of Lancaster and the EROs by 30 June 2017. The order ceases to have effect on 7 July 2017.

As some of those in the Room may already be aware, the process for the household canvass is prescribed in the Representation of the People (England and Wales) Regulations 2001 and requires electoral registration officers to send an annual canvass form—that is, a household enquiry form, or HEF—to every property in their area. The HEF asks residents to set out whether there have been any changes in the composition of the household since the previous year's canvass and enables electoral registration officers to identify whether any residents should be added or removed from the register. Where no response is received, as is more often than not the case, EROs are required to issue up to two further forms and to carry out at least one visit.

While the fundamental objective of the annual canvass—namely, the maintenance of a complete and accurate register through regular data collection—is and will continue to be a government priority, informal

consultation with EROs over an extended period has indicated that the annual canvass in its current form is not a sustainable way to achieve that aim.

Many EROs, who are on the front line of canvass activity, have told the Cabinet Office that electors find the canvass procedure frustrating and confusing. When electors might know themselves to be registered, perhaps from having recently participated in an election, they do not understand why they have none the less received three letters and a visit from their local ERO.

This year, for example, many citizens will have voted in the local, devolved or police and crime commissioner elections in May, the EU referendum in June and perhaps even a by-election, yet, when the annual canvass takes place between July and December this year, they will receive fresh inquiries about their registration status. The reality is that household churn is only around 20% per annum, thus the majority of canvass activity is redundant. Some 80% of households will be a “no change” on the electoral register.

This tremendously bureaucratic process is no less frustrating for administrators. Having to follow steps prescribed in statute stifles their capacity to innovate and adopt new and more digital approaches to canvassing. From knowing their local area, or from having access to other local council data, EROs may well be aware of the registration status of households in their area. However, the system currently in place does not allow them to draw on their own expertise or on other information held by the local authority. This is not an example of smart working.

4.45 pm

The solution that is therefore being proposed, the impetus for which has come from EROs themselves, is to enable local authorities to test alternative methods for conducting the annual canvass, which have the potential to be more cost effective while still securing the same or higher levels of information on population churn—and subsequent potential additions, deletions and other changes to the register—compared with the current annual canvass process. The pilots will take place in Birmingham, Ryedale and South Lakeland. In each area, the EROs will be operating control groups and pilot groups so that the results of these approaches can be rigorously evaluated.

In Ryedale, which can be characterised as a predominantly rural area with a largely static population, pilot groups will receive household notification letters—HNLs—rather than the usual household enquiry form. The HNL, sent by post, will list the details of everyone registered to vote in that household and advise residents to take action only where the details held are no longer up to date. They will be able to do this by informing the ERO of changes over the internet or phone. New residents will be asked to register online or invited to register by their ERO. The issuing of HNLs will be supported by awareness-raising activities in the media, on the council website and on social media.

In Birmingham and South Lakeland, electors' registration details will be compared against local data sources. Where details are found to match, households will be sent an HNL, to which electors will be required to respond only if changes are needed. Households not matching local data sources will be sent a customised

HEF—by email where possible—encouraging residents to identify any new electors or other changes. Any non-responders will then receive a second HEF, followed by a visit to the property.

The Government have, of course, consulted with the Electoral Commission on the pilot proposals. The EC has been very supportive of these plans and has been involved from the early stages of their development. Consultation has also taken place with bodies such as the Association of Electoral Administrators, the AEA, and the Society of Local Authority Chief Executives, SOLACE. This is in addition to the work the Government have been doing with interested councils directly, which have helped breathe life into these pilots.

As we have discussed with the Electoral Commission, subject to the outcomes of the pilots, the Government's intention is to make permanent, legislative changes to the annual canvass. It is likely that we will look to launch a second round of canvass pilots in 2017 to maximise our evidence base, building on the learning from these pilots.

While the purpose of these pilots is to give EROs the space to innovate and test alternative, more effective approaches in relation to the annual canvass, I would like to underline that the integrity of the register will be maintained throughout the pilots. EROs have a duty, under the Representation of the People Act 1983, to maintain their registers and nothing in this order changes that.

With this in mind, the Government believe that the instrument before the Committee today is a crucial step towards improving the annual canvass and wider registration process. I commend it to the Committee.

Lord Beecham (Lab): My Lords, I am in awe of my noble friend's expertise and knowledge on the whole issue of electoral registration. If the noble Baroness is not already in the same position, I think that she will be after my noble friend has spoken to the order.

Baroness Chisholm of Owlpen: I already am.

Lord Kennedy of Southwark (Lab): I would not be so sure.

Lord Beecham: My Lords, I come to this order with a slightly different approach and a different range of concerns from those on which I expect my noble friend will concentrate. We are now in a situation where, whatever happens to the process as outlined by the noble Baroness, the constituency boundaries at the next general election will—contrary to the recommendation of the Electoral Commission—be based on the register as it stood in December 2015. Of course, that does not mean that anyone registering since that date will not have a vote, but it means that the constituency boundaries will not necessarily reflect the, I hope, improved system of registration. Let me give an illustration of the potential differences. In my own city of Newcastle, the number on the electoral register as of last December was 183,961, and it is now 190,770, which is an increase of 6,809 or, by my

calculation, an increase of 3.7% on the figure that will be the basis on which the new constituency boundaries are drawn.

The Government have introduced other significant changes, using their majority in another place, to change the whole system. I say that because local authority boundaries will become irrelevant under the new dispensation. I am wondering whether the Minister has—I do not blame her if she has not—seen the report by Lewis Baston, who is an expert in these matters. He recently produced a report for the Constitution Society in which, among other things, he states:

“As it currently stands under IER, the electoral register is too incomplete and unstable to provide a suitable basis for allocating parliamentary representation”.

He says:

“There have been noticeable levels of under-representation, which has varied with social and demographic characteristics”.

He also says:

“The use of the December 2015 purged register has also had a regional effect. London has three seats fewer than it should. Nationally, it has mainly affected urban areas, with the big core cities in particular had poor net completeness in electorate registration”.

However much that is corrected, partly as a result of the order we are discussing, it will not affect the boundaries that will apply in the next Parliament.

Lewis Baston also says:

“If the register numbers in December 2015 are inaccurate”—they clearly were—

“the boundary review will contaminate the entire basis of the electoral system”.

He points out in relation to the discussions and debates before the boundary review was implemented that the,

“warnings made in 2014, of damage to the representation of London and the metropolitan areas, have come true and the map drawn in the 2016-18 boundary review will under-represent these areas”.

It is of course entirely coincidental that those are the areas in which the Labour Party is currently most strongly represented.

Lewis Baston goes on:

“The dramatic variations in total electorate that have taken place ... between December 2012 and December 2015 undermine the idea that at any stage the electoral register is a reasonable estimate of the total local population entitled to vote”.

He cites examples demonstrating that in some places, such as Liverpool, the estimated net completeness of the register as at December 2015 is as low as 81%. By definition, it is therefore about 20% short of what the figure should really be. I repeat that that does not stop voters being registered, but it means the boundary situation has in effect been corrupted. One of the problems, as he concludes, is that there is,

“simply nothing that can be done under the current rules to rectify the problem that student constituencies are likely to be oversized (in terms of registered electors) when the election takes place”.

That is one facet of an issue which is generally of much wider application.

I am not sure whether the Minister will be able to respond to this today, but in my submission there is a very strong case for the Government to review and,

[LORD BEECHAM]

indeed, to alter their decision to require the next general election, or at least any general election taking place after 2017, to be held on the basis of the boundaries as currently drawn. There is a need for a proper review of constituency boundaries to reflect the increase in the electoral register and other changes, which, I repeat, the order will help to facilitate. If the Government do not do so, they will have taken such a decision because they perceive a political advantage for the Conservative Party. That is no way in which a democratic process should be regulated, and I hope that the Government will reconsider their position. I repeat that they will return to the recommendations made by the Electoral Commission, who should be consulted in the light of the developing circumstances as we now see them.

Lord Tyler (LD): My Lords, before I come to the specifics of the order before us, I want to refer to two extremely important issues about the context in which we are discussing it. In the first place, both the Law Commission and the Electoral Commission have given recent advice to government and Parliament that the time is long since past when it was necessary to bring together a lot of the electoral legislation. We have an extraordinary situation now, and it is repeated again this afternoon, where we are referring right back to the 1983 Act. The good ship “RPA” has been covered with so many barnacles over the years that it is hardly recognisable as being a ship at all. The Law Commission has made it clear that it is urgently necessary, in this Parliament, to bring together the legislation that refers to electoral matters. This is for clarity for the parties, for individual electors and, frankly, for us parliamentarians.

For over 11 years, I have been in this Room when we have been amending and referring back to the 1983 Act; on one occasion, I think we even referred back to the 1883 Act. It is not acceptable for the Government to keep putting off this issue. Paragraph 4.1 of the Explanatory Memorandum that accompanies the order—and just that one paragraph, about how all these things fit together, is so complex—makes a very cogent case for a degree of co-ordination and consolidation. In paragraph 8.3, there is the added dimension of ensuring that all parts of the UK march in step. The register is something of such basic importance to our representative democracy that we cannot accept differences taking place on such a scale as has been happening in recent years between the devolved nations of the UK.

In paragraph 7.6, ironically, there is the wonderful statement:

“Consolidation does not apply to this Order”.

You can say that again; there is absolutely no consolidation in this, and it is time that there was. I know that in this particular context that is a technical term, but it makes the point very strongly. We cannot go on with these piecemeal additions, subtractions and amendments to electoral legislation. That is not acceptable, and the Law Commission and the Electoral Commission have been unanimous in making that recommendation to us in Parliament as well as to the Government.

I turn to the issue of the accuracy and completeness of the register, and its integrity. As the noble Lord, Lord Beecham, has quite rightly said, this is a matter

of wide concern. The Minister herself said in her introduction that the integrity of the register was the solid basis for our confidence in the way in which our elections happen. As was so clear from the brief exchanges that she and I had last Thursday, the Government simply have not taken on board the fact that we lost some 2 million people off the register last December, and some 2 million people—not necessarily the same people, of course—reappeared to vote on 23 June. In the closing months of last year, we were constantly told by Ministers—I absolve the Minister herself from this; it was not her line of argument—that those who were coming off the register were “ghost voters”. The fact that many of them had voted in the general election some months before was ignored. We now know that there are 2 million-plus more people who voted on 23 June, who were accepted at the polling stations as being eligible to vote and did so, than there were in December. The people who turned up in those many polling stations throughout the country 10 days ago were not ghosts; I hope that the Government will now accept that they were perfectly valid people who were undertaking their democratic right. It is completely ridiculous that we should now be going back to the 1 December 2015 basis for any acceptance of the register as a complete and accurate reflection of those who are eligible to vote in elections in this country.

5 pm

I know that the Minister had some difficulty last Thursday in getting appropriate briefing for it, because at that stage she was finding some difficulty—she was very honest to say so—in getting abreast of this. However, apparently she was given the brief that, if we were to make any change, this would mean that the register would be more out of date. That is ridiculous—of course it would not be. Simply by making sure that we were using the register of 23 June rather than the December register, it would be much more up to date rather than less.

It may be said that it is impossible at this stage to make a major change to the statutory basis on which the boundary commissions will now work, but a comparatively modest change to the law by extending the 5% variation either side of the mean electoral figure that is given for constituencies to, say, 8%—which was analysed by the House of Commons Select Committee in the last Parliament as being much less destructive—would also enable the boundary commissions to take account of the variations that have taken place since December without having a dramatic and very difficult situation to face, and it would not mean a major delay in the application of those figures in time for the 2018 completion of the review process. I hope that this afternoon she will again acknowledge that, because it was not confirmed on Thursday.

Of course, if we have an early general election this year or next year, it will be under the existing boundaries, so there is no question of there being any difference there, and there will be no change in the size of the House of Commons—no reduction from 650 to 600 MPs.

The context of the order we have before us this afternoon in those two respects is extremely important. It is controversial, and as has already been said, this is

an opportunity for the Government to think very carefully about ensuring that the register, for which we all have a responsibility, is as complete and accurate as possible and therefore carries the integrity that the Minister referred to in her opening remarks.

On the order in more detail, I and my colleagues—I think this is common around the House—accept that there is a substantial, sensible rationale for these pilot exercises. There is no problem about that. We all recognise that the annual canvass has become a rather rusty instrument for seeking to get the maximum amount of information in an effective and economical way, and the current proposal that there should be greater flexibility for a number of authorities to approach this issue, and that that should then feed into a wider consideration for the future is of course very sensible. We do not spend enough time establishing a good evidence base for changes of this nature. It is certainly true that the IER transition has been and should be an opportunity to review this process, and I and others will certainly support these pilots.

There was some concern among electoral registration officers that major social and other changes were taking place which also prevented the annual canvass being as effective as possible. I heard Ministers say, “Oh, the great increase in the number of gated communities made it necessary to find different ways of obtaining the necessary information”. There are only a small number of gated communities—I think 1% of the total population of the United Kingdom lives in a gated community. I found my way into one with no difficulty at all on 23 June, polling day, just by getting a little local information from tradesmen and postmen. They know how to get in, and surely representatives of the local authority will always be able to find out how. I do not think that that has been the conclusive reason.

It is much more that there are elusive groups in the community that are difficult to track down with the annual canvass. The one group of which we are all very aware is students. It is noticeable that some of the authorities that lost most from the register in December were cities and towns with a major student population. The highest figure of all was in Cambridge where 16%—12,890 people—were excluded from the register. I will come back to the point about students because there are some examples, but that is an obvious target. If, by reallocating resources, electoral registration officers can make a specific target of the student community—and incidentally ensure that, if elections are likely to take place during periods when the academic year is not in full flow, their postal and proxy votes are drawn to the attention of those concerned—it would be a far better use of scarce resources than simply pursuing the old annual canvass series of approaches.

So in Cambridge the figure was 16%, but it was not common. I know, for example, that in the city of Sheffield there were two quite different circumstances. Sheffield University went to great lengths to ensure that students were enrolled at the beginning of the academic year, and the enrolment for the electoral register was put before the individuals as they came into the university, while Sheffield Hallam, just down the road, did not undertake that responsibility.

The difference was really dramatic between those two areas. Looking through the numbers for other university cities, I see that that is also true. I hope that the Minister and the Government would accept that in due course they should release electoral registration officers from the expensive and perhaps rather less effective requirements of the annual canvass, and they should be given every encouragement and resource to concentrate on that particular group.

The other group that tends to be elusive is young and urban—primarily males, rather than females. It was during the previous Government that we persuaded Ministers to include data matching from DVLA to enable the electoral registration process to take better account of people reaching the appropriate age, which tended also to be the moment when they had to try to find some form of transport. It is noticeable that a number of the areas—again, on the list of those that lost out in December—tended to be where there is a very considerable mobile, young population. I see that Hackney lost 13%, and some other areas also lost out.

In redirecting the priority of the ERA, I hope that the Minister and the Cabinet Office will do everything they can, obviously in co-operation with the Electoral Commission, to identify those particular elusive groups to whom special attention should be targeted. Was the choice of the three specified areas in the order in any way informed by the number of people who might be in those rather difficult-to-access groups? Birmingham lost 5%, which may be because there is a considerable young, mobile and student community there. I would have thought that Ryedale probably did not lose, but maybe that is a good marker—a corrective, as it were—and a comparison. In South Lakeland, which I happen to know quite well as one of my parliamentary colleagues represents that area, the figure was minus only 1%. So there seem to be two markers to check on against the bigger area of Birmingham. It would perhaps have been interesting to have included Cambridge and Hackney, which, as I have said, have considerable numbers to include.

Otherwise, it may well be that the pilot proposals are both practical and reasonable. I listened with interest to the way in which the noble Baroness described them. My concern, though, is about how quickly we will be able to learn from them, particularly since, as she said, we may well want to have a second tranche. It seems to be a pretty extensive period—nearly a year away, at 30 June 2017—before we will get any report back on the pilots. I mean, the whole purpose of a pilot is to learn and move on, and to see whether it gives us useful lessons for other areas.

I must put one other little query to the Minister that is also relevant. Article 1(2) of the order says, very firmly and with complete authority, that:

“This Order extends to England and Wales”,

but paragraph 3.2 of the Explanatory Memorandum says:

“This entire instrument applies only to England”.

Maybe I have missed something here, but it seems a bit curious that those statements are so firmly in opposite directions. In the era of EVEL, everything has to be looked at in relation to whether it applies to one part of the UK or another, and whether English MPs

[LORD TYLER]

uniquely have a role to play on their own or whether English and Welsh MPs have a particular responsibility and interest. As I said earlier, given the need to make sure that the whole of the UK is marching as one, it would be helpful if the Minister could explain exactly what the application of the order is.

Lord Kennedy of Southwark: My Lords, I have a few comments to make in respect of the order. As we have heard, the order establishes a number of pilot schemes, all of which are in England—which may cause a discrepancy in relation to what the noble Lord, Lord Tyler, said. The pilot schemes all actually refer to councils in England, although the order itself certainly covers England and Wales. I do not have any objection to pilot schemes in principle: they enable us to see how other methods of collecting data and electorate details work and, if they prove to be more effective, they can be rolled out further to a wider area, which is very good.

My concern with these regulations is that we could get to the point at which the system that we end up with is not as effective as what we have in place now. I am a little worried about the references to cost in the notes. I want an absolute assurance from the noble Baroness that this is not just about driving down costs at the expense of having a robust system in place to make sure that we have a complete and accurate register.

I see the point—as we saw in the guidance note—about how the two-stage process could cause some confusion, but I still think that it is important that we have a robust process in place. Therefore, can the noble Baroness give a guarantee to the Grand Committee that nobody will be removed from the register due to a funding exercise to reduce costs? That would be a terrible place to find ourselves in.

One of the problems the Government have got themselves into, of course, is that they have not sought a wider range of partners to get people to register to vote. I have spoken in the Chamber many times about registration—as have the noble Lord, Lord Tyler, and the noble Baroness, Lady Chisholm. It is important that we look at how we can use other organs of the state to get people to register to vote. Obviously local authorities have a major role, but we also talked about how we want universities to make a habit of getting young people to register to vote, as well as the Post Office and other organs, such as the DWP, where people go to pay their rent and things. How can we use those organs to get people to register to vote? There are other private organisations, delivering public services that we could also involve. I remember many years ago, when I was in New York, people would register to vote at the counters in the post offices. That was quite common. It was about 15 years ago and there was nothing unusual about it at all. In that state at least, they were using other organs to get people on to the register. It was actually part of the service: “Are you registered to vote? We have the forms here, and if you fill them out, we’ll do that”. We need to look at that along with the other organs of state and not just restrict ourselves to people having to respond to a canvass or fill in a form online themselves and submit it.

5.15 pm

We have heard about the 2 million people who were removed from the register in December 2015 and the 2 million who have now come on to the register. Maybe they are the same people; if so, they were not ghosts after all. We need a system to enable people to check that they are on the register. We may find that the millions who applied to vote in the referendum were actually on the register but did not know it, so reapplied. That is great but, of course, it clogs up the system with unnecessary applications. We need to have a situation where people can check whether they are registered to vote. We must not forget the people who are most likely not to be registered: as we have heard, that is young people, students, black people and people living in rented accommodation.

I agree very much with the comments of the noble Lord, Lord Tyler. He is an undoubted expert in these matters, and the Grand Committee would be very wise to listen to the points he makes. He is right to say that the legislation governing elections needs urgent consolidation, review and reform. The complexities now cause everyone great problems at all levels, and they need to be dealt with. That matter is in the hands of the Government. It is time for them to respond to the views of the Law Commission and the Electoral Commission and sort this matter out, and to find government time in this Parliament to consolidate all electoral law in this area. That would benefit everyone concerned.

My noble friend Lord Beecham is right to raise the issue of the basis of the boundary review being based on the register as of December 2015. Let us not forget that the recommendation from the Electoral Commission was that it should be based on the registration as of December 2016. It was the Government who completely ignored that advice and took a year away. In my own borough of Lewisham, our register has grown by 20%—the biggest growth in the whole country. At the moment Lewisham has two and half MPs, with two MPs in the borough and one shared with the London Borough of Bromley. All three are Labour Members of Parliament. Years ago we used to have four MPs in the borough, and then more recently we had three. We now run the risk of going down to two MPs. I contend that as our number of voters has grown by 20% in a year we should at least retain our two and a half MPs, and maybe, in fact, we should go back to having three. One-fifth of our electorate is coming back on, and that should be a matter of great concern for the Government. If we end up with this review going through and there is great disparity regarding who represents people and the size of the seats they cover, that would be completely wrong.

I agree with my noble friend: I believe the Government very cynically brought the date forward by one year for party political advantage, and for no other reason at all. They completely ignored all the independent advice, stood there at the Dispatch Box and brought the review forward by one year. Why did they do that? It is purely because they thought it would be better for them in a future general election, and that is a terrible place for us to be. All legislation regarding elections

should be done on the basis of consensus and agreement because our democracy is worth much more than party political advantage.

I have no further points to raise on the order itself as I have no great problems with it, but I look forward to hearing the Minister's response.

Baroness Chisholm of Owlpen: My Lords, that was certainly an interesting debate. Indeed I feel I am in the presence of great experts, with the noble Lords, Lord Kennedy and Lord Tyler, so I start from a position of great humility. However, I certainly intend to answer most of their questions.

The noble Lords, Lord Beecham, Lord Tyler and Lord Kennedy of Southwark, all mentioned the boundary reviews and the change in the register following the take-up during the referendum. I covered this pretty well last Thursday, but unless we have a defined date and a set of registers to assess, it is impossible to run a review. The registers used for a boundary review are necessarily a snapshot, and registers always continue to change while a review is taking place. As all noble Lords know, without the implementation of the boundary reviews, MPs will continue to represent constituencies drawn up on the basis of data that will be over 20 years old at the next election. That would be to disregard significant changes in the population in relation to the principle of equal-sized constituencies, which were endorsed by the Committee on Standards in Public Life. The reforms have already been delayed once, and it is vital that we do not delay them any further so that the 2020 general election is not fought on boundaries that will by then be nearly—

Lord Tyler: I am grateful to the noble Baroness, but I have not yet heard any explanation—I fear none is coming—of why we should not use the absolutely solid evidence of the electoral register that was, as it were, tested to destruction on 23 June 2016. What is the objection to using that register for the basis of this discussion? I cannot understand that.

Lord Kennedy of Southwark: May I, too, come back to that point, rather than interrupt again later? I agree entirely with the Minister's point about the need to have a defined date. It is absolutely right that we have to fix the date—I have no problem about that—and draw the boundaries on the basis of the figures at that date. It is absolutely spot on to say that we cannot move the date around. The problem the Government have to contend with is that we had a fixed, defined date, which was 1 December 2016, but they chose to scrap it and bring it forward by a year. The problem is that that was going to be the date, so all these people would have been on the register and would have been counted. I do not think the Minister was involved, but somebody in government sat around the table and decided to bring this forward by a year. We have never had an explanation of that. We have talked about ghost voters and other problems and this and that, but it was the Government's decision. The December 2016 date clearly guaranteed the commission plenty of time over the next couple of years to have a review. The review would have come to both Houses some time in

2018, been approved by both Houses and been in place for the election in 2020. However, somebody in government took a decision to bring it forward by a year, and I suspect that decision was made purely for party political advantage. If that is the case, it is absolutely disgraceful.

Baroness Chisholm of Owlpen: Obviously, that was before my time. The reason why the date cannot be changed now is that doing so would involve primary legislation. If such legislation was brought in to change the whole system, it would mean that we would definitely not get the boundaries reviews done in time for 2018.

Lord Kennedy of Southwark: I do not know whether that would have to be done through primary legislation, but I guarantee the Minister—I am sure the noble Lord, Lord Tyler, would do so as well—that the Government would get the full co-operation of both opposition parties and would get it through in a day or two. That would be absolutely no problem whatever. They could get it through next week if they needed to do so. I would provide complete co-operation on that, so there would be no problem about delaying things.

Baroness Chisholm of Owlpen: The problem is that the boundary review has already commenced and the Boundary Commission is expected to report later this year, so that would all go down the drain. There would definitely have to be primary legislation, and there is quite a lot going on at the moment, so would there be time for it? We would need to get it through so that we could do the boundary reviews by 2018, ready for the general election in 2020, so there really is not the time. The review has already started—I ought to move on, otherwise we will move round and round in circles—but that is the reason.

The noble Lord, Lord Tyler, wanted to know how the pilots were chosen. They have been chosen through the EROs, who came forward with ideas and proposals and expressed the wish to participate. He also talked about the Law Commission. The Government are currently considering the commission's recent interim report on electoral law. This comprehensive and wide-ranging report makes a number of recommendations, including in relation to electoral registration, and it is important that the Government give the report due consideration before making a formal response. I hope he will understand that I cannot pre-empt the Government's response at this stage. I look forward to continuing the work to improve electoral registration.

The noble Lord asked why the Government do not change the registration on which the boundary review is concluded. I think I have already covered that. As I said, it would need primary legislation, which is not possible at this time. The noble Lord also mentioned the extent of application. I think he was talking about England, Wales and Scotland, and how that worked. The legal jurisdiction is England and Wales, and that is its extent. The order applies only to England because the authorities concerned are all in England.

The noble Lord, Lord Kennedy, talked about looking at postal databases to boost registration levels. The use of data to improve electoral registration is an important

[BARONESS CHISHOLM OF OWLPEN]

tool, and indeed Birmingham and South Lakeland will look to harness the information from multiple local data sources to help target their activity at households. As the noble Lord, Lord Tyler, mentioned, there is indeed a terrible problem with take-up from certain representations in the country, particularly BMEs. We are looking at that, and it really has to be sorted out. It is a problem that seems to keep going on and on. The Cabinet Office is putting this at the top of its list.

Students are a difficult problem as they tend to move house every year. Part of the problem is that the actual academic year starts in September and October but the registration is done in the December the year before. Again, that is being looked into. We are hoping that civil organisations such as Bite The Ballot are having some impact in getting students to register. It was interesting that it seems that a lot of students registered to vote in the EU referendum but did not actually vote when the day came. We are looking into why that was the case. It cannot be that they all slept in from 7 am until 10 pm.

Lord Tyler: I think the answer is that not all of them were given the opportunity, or saw that there was an opportunity, to register for a postal vote. When the period for registration was extended—when, as the Minister will recall, the system collapsed—we did not extend the deadline for postal votes. There was a whole 24 or 36 hours when they could register but could not then get a postal vote. Obviously, many of them would have found that they would not be in the place where they had anticipated registering because it was the end of the academic year.

Baroness Chisholm of Owlpen: I take the noble Lord's point. Interestingly, all chancellors at universities were written to at the start of the referendum to say, "Please encourage students to register". At that time the students would have been able to get a postal vote, but I certainly take the noble Lord's point. I have probably covered all the questions. Is there anything I have left out?

Lord Kennedy of Southwark: The Minister has covered the points and we are very grateful for that. However, I think generally that the Government have to do more in this area. I am sure that they wrote letters to the vice-chancellors, which is great, but this should be included as part of the normal work of the university; they should have to get people to register to vote. With all the thousands of young people turning up at universities every year, part of their induction should be getting them to register to vote. Registration is often seen as going on in the corner over there with the door shut, and few other people get involved. It must be much more of a responsibility when public servants in a variety of roles meet members of the public. That is what we need to do to make it work.

Baroness Chisholm of Owlpen: I agree with the noble Lord. Of course students can register at home as well. However, we are very fortunate today to have a

Minister for higher education here, so I am sure she is taking note of everything that everyone has said and will go back and make sure that we concentrate on this one. It is a very important point and the Cabinet Office is well aware of it. We need to make sure that we do more.

Lord Kennedy of Southwark: Also, I thank the Minister for saying that she was in awe of all the experts sitting around the Room. I hope that one day we might be listened to.

Baroness Chisholm of Owlpen: I always listen to the noble Lord. I thank everyone who has taken part and I commend the regulations to the Committee.

Motion agreed.

Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 (Amendment) (England and Wales) Order 2016

Motion to Consider

5.31 pm

Moved by Baroness Evans of Bowes Park

That the Grand Committee do consider the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 (Amendment) (England and Wales) Order 2016.

Baroness Evans of Bowes Park (Con): My Lords, as the Committee will be aware, the Rehabilitation of Offenders Act 1974 seeks to support the reintegration into society of offenders who have demonstrated that they have put their criminal past behind them. After a specified period of time, therefore, the Act provides for cautions and most convictions to become spent. When individuals apply for most jobs or seek insurance, they do not need to disclose spent cautions and convictions, nor can they be taken into account by employers and others. Research has consistently shown that obtaining employment lowers the risk of offending. That is the general position under the primary legislation.

There are, however, certain types of employment and other activities that give rise to particular risks to the public. The Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 therefore creates exceptions to the Act so that in some circumstances certain spent, as well as unspent, convictions and cautions must be disclosed and may be taken into account when assessing a person's suitability for certain positions.

Those areas of activity included in the exceptions order require a high degree of trust, often involving vulnerable persons. It is therefore appropriate that an employer should know a person's fuller criminal history before an offer of employment is made, and consideration can be given to any necessary protections to be put in place. The three amendments in the order are part of the Government's ongoing commitment to keep safeguarding measures in step with developments elsewhere. The first provision is designed to align the order with the Police Act 1997 (Criminal Records)

Regulations 2002 in relation to certain regulated activity with children; the second covers certain roles within the Independent Police Complaints Commission; and the third relates to judicial appointments, which are already covered by the exceptions order, to allow for the fullest disclosure of criminal conviction information.

There is an anomaly between the exceptions order and the related Police Act 1997 (Criminal Records) Regulations 2002 that needs to be addressed. The Police Act regulations cover both regulated activity concerning children that is unsupervised and carried out on a frequent basis—for example, teaching—and activity that would be regulated activity relating to children if it were done frequently. Examples might be the provision of health and palliative care to children who are sick or disabled, or childminding on a one-off basis during the school holidays. At the moment, however, only such activity that is carried out frequently is covered by the exceptions order. The purpose of the amendment is therefore to align the order with the Police Act regulations so that roles involving unsupervised work with children on an infrequent basis are eligible for enhanced criminal records checks.

The Independent Police Complaints Commission was established by the Police Reform Act 2002 and became operational in April 2004. The IPCC's fundamental statutory purpose is to secure and maintain public confidence in the police complaints system in England and Wales. It does so by making decisions independently of the police, government and interest groups. It is tasked with investigating the most serious complaints and incidents involving the police across England and Wales, and it also handles certain appeals from people who are not satisfied with the way the police have dealt with their complaint.

By the end of 2017, following a three-year programme of reform and expansion, the IPCC will independently investigate all serious and sensitive cases. The expansion has increased the number of cases and range of matters being investigated. Most notably, this includes an increased number of child sexual abuse and exploitation cases, and allegations concerning the abuse of vulnerable adults.

It is clearly important that commissioners and staff within the IPCC who have contact with vulnerable people or access to sensitive information are thoroughly vetted. The amendment to the exceptions order will permit the IPCC to ask for, and take into account, the unprotected spent convictions and cautions of staff and commissioners whose work involves this type of contact or access. Contact with children by commissioners and other IPCC staff is already covered by other provisions in the exceptions order relating to regulated activity, but contact with other vulnerable people is not covered. The IPCC will be able to ask for the disclosure of this information when recruiting to these positions.

The Constitutional Reform Act 2005 established the independent Judicial Appointments Commission—the JAC—to select candidates of good character for judicial office in courts and tribunals in England and Wales. Prior to the Act, appointments were made by the Lord Chancellor. Magistrates are appointed by the senior presiding judge, rather than the JAC, but are assessed

for suitability in the same way as other judicial appointees. As noble Lords would expect, judicial appointments are already covered by the exceptions order, given the nature and responsibilities of such roles. This means that the JAC is currently entitled to ask candidates for details of their unspent convictions and certain spent cautions and convictions that are not protected from disclosure, and can take that information into account.

As I have referred to protected spent cautions and convictions, I will briefly explain what they are. I am sure noble Lords will remember that where an occupation or activity is listed in the exceptions order, full disclosure of all spent cautions and convictions was formerly allowed. In May 2013, however, following a Court of Appeal judgment, which was upheld by the Supreme Court, the Government amended the disclosure policy under the exceptions order to provide that certain old and minor spent cautions and convictions are protected from routine disclosure in criminal records certificates. In other words, they are filtered out of certificates and do not have to be disclosed by individuals, nor can they be taken into account by employers.

Since May 2013, the JAC has not therefore seen an applicant's full criminal record. The Lord Chief Justice has expressed concern about this position, particularly in relation to dishonesty offences, which may go towards assessing an applicant's good character. He has therefore supported the commission in requesting this amendment to allow the disclosure of all spent cautions and convictions. The commission is clear that the disclosure of old and minor spent cautions and convictions is required to mitigate the risk to the integrity of the judiciary should details of an appointee's previous caution or conviction subsequently emerge. The significance of a caution or conviction is considered much greater because of the unique position of the judiciary, including the magistracy. It is a requirement that judges be of good character, and if they did not possess such good character, the confidence of the public in their constitutional function might be damaged.

I hope noble Lords will support the Lord Chief Justice's view that the integrity of the judiciary needs to be upheld. However, before the Government agreed to support this change, we asked the commission to confirm that it would adopt a clear and transparent recruitment policy on how old and minor cautions and convictions would be treated to make sure that all applications are treated objectively and fairly. I can reassure noble Lords that proper and balanced consideration will be given to any old and minor spent convictions when disclosed; they will not automatically preclude an applicant taking up a judicial appointment. The JAC's *Good Character Guidance* has been provisionally amended and will be available to candidates if Parliament approves this amendment and once the order comes into force.

I am sure noble Lords will agree that this statutory instrument is necessary for public protection purposes. It needs to be amended regularly to make sure it is up to date and keeps pace with developments elsewhere. There is always a balance to be achieved in the disclosure of criminal conviction information between the rehabilitation of offenders and public protection. These amendments to the exceptions order are limited in

[BARONESS EVANS OF BOWES PARK]

scope, but are necessary for the purposes of safeguarding vulnerable people and maintaining the integrity of the judiciary. I beg to move.

Lord Beecham (Lab): My Lords, I can confirm that the Opposition—entirely embodied by me on this occasion—welcome the order. I am grateful to the noble Baroness for elucidating some of its detail. I intended to ask whether the magistracy is included in the reference to judicial appointments, and she has confirmed that it is, which I think is desirable. However, I am not yet clear about the position of police commissioners as opposed to officers and whether they are included.

Baroness Evans of Bowes Park: No, they are not included by this amendment.

Lord Beecham: Given that police commissioners have an overriding responsibility in relation to disciplinary matters and the like, I wonder whether—I do not expect the noble Baroness to answer now—the Government might wish to consider the position of police commissioners in relation to this. One thinks in a different context of the activities of police forces; for

example, in South Yorkshire, where there have been great problems, which are not, I hope, related to this. On the other hand, of course, the police were involved in child abuse investigations and so on, and it might be thought desirable for the police commissioner with overall responsibility for that to also have a clear position on this. I am not asking the noble Baroness to answer now or to make any policy decisions now, but she may wish to take this back to others for a view. All I ask for is that it be considered. I am not saying that it should be definitively acted on but, in my submission, it ought to be considered. With that comment, I am certainly happy to endorse the order.

Baroness Evans of Bowes Park: I thank the noble Lord for his support. As regards the facts I can say, police and crime commissioners are vetted for their suitability—police officers are already covered, and full disclosure is required—but I will take back the comments he made. With that, I thank him again for his support and comments, and I commend the draft order to the Committee.

Motion agreed.

Committee adjourned at 5.42 pm.

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