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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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

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

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

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House of Lords

Monday 26 June 2017

2.30 pm

Prayers—read by the Lord Bishop of Durham.

Introduction: Baroness Wyld

2.37 pm

Laura Lee Wyld, having been created Baroness Wyld, of Gosforth in the City of Newcastle upon Tyne, was introduced and took the oath, supported by Lord Hill of Oareford and Baroness Wheatcroft, and signed an undertaking to abide by the Code of Conduct.

Oaths and Affirmations

2.41 pm

Several noble Lords took the oath or made the solemn affirmation, and signed an undertaking to abide by the Code of Conduct.

Lord Speaker's Statement

2.52 pm

The Lord Speaker (Lord Fowler): My Lords, I would like to say a few words about security in Parliament. Since the shocking attack on Westminster Bridge and the Houses of Parliament in March, we have witnessed the horror of further attacks in Manchester, further down the river here in London and at Finsbury Park. As we did following the Westminster attack, we send our prayers and condolences to all those affected. I should also inform the House that I have received countless messages of solidarity from parliamentary Chambers around the world.

I informed the House at the end of the last Session about Parliament's response to the continued security threat. First, Mr Speaker and I commissioned an external, independent review on how the perimeter of the parliamentary estate, including outbuildings, is secured and protected. The final report was submitted to Mr Speaker and myself last week. Secondly, the clerks of both Houses commissioned an externally led review of the lessons learned from the operation inside Parliament of the incident management framework, and the final report from that review is expected shortly. The reports from both reviews will be considered carefully, and appropriate action will be taken swiftly and decisively. I thank all noble Lords who have contributed to the reviews and also urge all noble Lords to continue to take security seriously when they are on the parliamentary estate.

Finally, I will say a few words about the cybersecurity incident that occurred over the weekend. On Friday, the Parliamentary Digital Service discovered unusual activity and evidence of an attempted cyberattack on our computer network. Closer investigation confirmed

that hackers were carrying out a sustained and determined attack on all parliamentary user accounts in an attempt to identify weak passwords and gain access to users' emails. The digital service has been working closely with the National Cyber Security Centre to identify the method of the attack and has made changes to prevent the attackers gaining further access. IT systems on the parliamentary estate are now working as normal and remote access is being restored gradually. We are continuing to investigate the source of the attack and believe that fewer than 1% of the 9,000 accounts on the parliamentary network have been compromised as a result of weak passwords.

Those in the Parliamentary Digital Service are working extremely hard and are on hand to assist anyone experiencing difficulties as a result of the incident. They will continue to keep Members informed of developments. Our first priority has been to ensure that the business of both Houses can continue. This has been achieved, and I am sure that all noble Lords will join me in thanking all parliamentary staff who have worked so hard over the weekend to ensure that our parliamentary democracy can continue to operate freely.

Aviation Question

2.55 pm

Asked by Lord Spicer

To ask Her Majesty's Government whether they intend to publish a strategy for aviation.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Callanan) (Con): My Lords, the Government are committed to developing a new aviation strategy, and we will set out our proposed approach shortly. This will be an ambitious programme of work and we will consult widely, leading to the publication of an aviation strategy White Paper at the end of 2018.

Lord Spicer (Con): I congratulate my noble friend on his new appointment. Does he think that it will bring out the many Members of this House and of the other place who want above all to know the date by which we will start to build a new runway at Heathrow? That date should, I think, be before Brexit takes off, as it were. Can my noble friend give us his early thoughts on this matter?

Lord Callanan: I thank my noble friend for his kind words. The Government remain committed to airport expansion in the south-east of England through our preferred scheme at Heathrow. We must remember that our manifesto contained a commitment to continue the programme of expansion at Heathrow. We are getting on with the job of delivering critical infrastructure in the national interest. A consultation on the draft Airports National Policy Statement closed on 25 May and the department is currently reviewing the tens of thousands of responses received. Once the analysis is completed and the Government have considered the responses, I assure noble Lords that we will set out our next steps.

Lord Berkeley (Lab): Once the strategy is published, will the Minister quote the costs to the public purse of the surface access? My understanding is that those costs for the expansion at Heathrow will be even higher than the cost of the first phase of HS2. Would it not be better to expand our regional airports and to do less in the south-east?

Lord Callanan: The costs of the surface access to support the new development at Heathrow, if indeed it proceeds, will be borne by Heathrow Airport itself. Of course we also remain committed to expanding regional airports, a subject dear to my heart, and we will set out our approach in the aviation strategy White Paper that I mentioned earlier.

Lord Naseby (Con): Since aviation policy must cover drones, is the Minister aware that the Government have been consulting for the past two years, while other countries such as the USA have legislated? Is it not time that we actually took some action so that all drones that are either bought or are already around are registered, with strict penalties for those who abuse them?

Lord Callanan: My noble friend makes a powerful point. As he says, we are consulting on the issue at the moment. There have been a number of well-publicised incidents of drones causing a hazard both to members of the public and to aircraft, and we will set out appropriate steps shortly.

Baroness Randerson (LD): Given the Government's repeated failure to come up with a plan to improve air quality that is consistent with EU standards, does the Minister accept that the expansion of Heathrow poses a massive additional challenge for which no satisfactory solution has been provided?

Lord Callanan: As the noble Baroness is aware, air quality is a national issue, and we take it extremely seriously. The final plan on air quality is due to be published on 31 July. If the Heathrow Airport decision proceeds, the impact on air quality will be taken fully into account. Moreover, Heathrow Airport has committed to moving passengers from their cars and on to public transport and has recently committed to no overall increase in car movements to and from Heathrow in the event of a third runway proceeding.

Lord Rosser (Lab): I add my welcome to the Minister in his new position and I express my best wishes to his predecessor, the noble Lord, Lord Ahmad of Wimbledon, in his new role. I suspect that he will find himself spending more time inside an aircraft as a Foreign Office Minister than he did as Aviation Minister.

We have had a statement this morning about the financial support the UK Government are prepared to make available to Northern Ireland following discussions between the Conservative Party and the Democratic Unionist Party. It says:

“A detailed consultative report will be commissioned into the impact of VAT and APD—

air passenger duty—

“on tourism in Northern Ireland to recommend how best to build upon the growing success of that sector”.

Are similar consultative reports being commissioned into the impact of air passenger duty on tourism in other parts of the United Kingdom? If not, why not?

Lord Callanan: As someone who uses regional airports regularly, the issue of air passenger duty is, of course, high on my agenda. I am sure the noble Lord will understand that, as a Minister only a couple of weeks into his appointment, were I to start rewriting the Chancellor's Budget proposals at this stage I would not last very long.

Lord Trefgarne (Con): My Lords, when the time comes to repatriate the regulation of civil aviation, will that be vested in a revitalised Civil Aviation Authority, as in the past, or left to the European Aerospace Agency?

Lord Callanan: The whole issue of Brexit and how liberalised air transport will go forward will be the subject of negotiation. We want to ensure seamless access to European air transport matters, and I am sure the European aviation industry will want to access UK policy, too.

Lord West of Spithead (Lab): My Lords, talking of aircraft, the Minister will be aware that the aircraft carrier HMS “Queen Elizabeth” is, as we speak, negotiating out of the fitting-out basin in Rosyth. Will he pass his best wishes to the ship's company of that great ship, which for 50 years will ensure the security of our nation?

Lord Callanan: Vast though my responsibilities are, they do not yet include aircraft carriers.

Lord Popat (Con): My Lords, I welcome the fact that the Government's strategy on new aviation policy is coming very soon, but I guess we are 20 years behind. I say this as the Prime Minister's trade envoy to Rwanda and Uganda. We recently sold two airplanes to the Rwandan Government, and for the first time, some four weeks ago, there was a direct flight from Kigali to Gatwick. We managed to get only three slots. We wanted seven slots. No slots were available at Heathrow either. Post-Brexit, for us to be a genuinely outward-looking country, we need direct flights and we need more slots. Most African countries, which are a growth area, need flights. The Ugandan Government want one, Tanzania wants one, Zambia wants one, but there are no slots available at Heathrow or Gatwick. Can we speed up the process of the third runway, and maybe even a second runway at Gatwick?

Lord Callanan: I take my noble friend's concerns on board. Many airlines want access to the south-east of England. As we proceed with Brexit, aviation will be a critical component of our engagement with the rest of the world. More people will need to visit this country; more people will need to travel abroad for a new UK sector. Of course, the expansion of Heathrow, if it

proceeds, will provide extra slots and we will look at the context of slots at regional airports in the aviation strategy.

Baroness Ludford (LD): My Lords, can the Minister tell us whether Zac Goldsmith will resign his seat if the expansion of Heathrow goes ahead?

Lord Callanan: I am sure the noble Baroness will want to ask Zac Goldsmith himself that question.

Palestine: Non-Jewish Population *Question*

3.03 pm

Asked by Baroness Tonge

To ask Her Majesty's Government what action they intend to take to ensure the protection of the interests of the non-Jewish population in Palestine as set out in the Balfour Declaration in 1917.

Baroness Goldie (Con): My Lords, the UK has been and continues to be a leading donor to the Palestinian Authority. We recognise that the Balfour Declaration should have called for the protection of political rights of the non-Jewish communities in Palestine, particularly their right to self-determination. Our focus now is on encouraging the Israelis and Palestinians to take steps that bring them closer to peace, and the best way to achieve this is through a two-state solution.

Baroness Tonge (Non-Aff): I thank the Minister for what I have to say was the usual sort of Answer. Is she aware that 100 years after the Balfour Declaration and 50 years after the illegal occupation of Palestine by Israel, the Palestinians living in Israel do not have the same rights and services as Jewish citizens? Is she also aware that in the West Bank Palestinians are subjected, and have been for 50 years, to brutal and humiliating treatment and the destruction of their homes and lands, and that in Gaza there is malnutrition, water is undrinkable and electricity is now supplied for only two hours each day? The situation in Gaza is so bad that a United Nations report has said that Gaza will be uninhabitable by 2020. What is the Minister going to do about it?

Baroness Goldie: To go back to the starting premise of the noble Baroness's Question—the Balfour Declaration—many people believed that establishing a homeland for the Jewish people in the land to which they had such strong historical and religious ties was the right and moral thing to do. It will be for historians to assess the declaration in that context. Coming forward to the current day and age, the United Kingdom Government have been very consistent in their approach. We want to see the creation of a viable two-state solution. We think that is possible with determination on both sides. We have firmly made it clear that the occupations are unsustainable, and we need to call for both sides to promote peace, stability and security.

That also means pressing both sides on the need to refrain from taking actions which make peace more difficult.

The noble Baroness concluded by referring to the situation in Gaza, which is extremely worrying; certainly, on a purely humanitarian level that has to give concern to anybody viewing what is happening. But again, the powers that have control to deal with that are, essentially, the Palestinian Authority in consultation with Israel. We also hope that Hamas can be persuaded to deal in a more constructive manner with the citizens currently residing in Gaza.

Lord Wright of Richmond (CB): My Lords, in her first reply, the Minister appeared to confirm the Government's support for a two-state solution. Can she therefore confirm that the Government are now in favour of recognising the state of Palestine, and if not, why not?

Baroness Goldie: The noble Lord will not be surprised, I think, by my response. Again, the position of the United Kingdom Government has been consistent and we have said that this is not the time, in our opinion, to accord that recognition. We believe that much more has to be done in negotiating the viable creation of two states and to address the issues of peace and the cessation of activity which is illegal. The United Kingdom will select its moment when it thinks it is appropriate to consider addressing the issue which the noble Lord raises.

Baroness Northover (LD): My Lords, the Balfour Declaration makes it plain that the creation of Israel should neither prejudice the rights of Jewish communities elsewhere, nor those of, "existing non-Jewish communities in Palestine".

What will the Government do, therefore, to ensure that international law is upheld in relation to illegal settlements, which, far from contracting, are being officially sanctioned to expand?

Baroness Goldie: The United Kingdom Government have opposed the settlements on the grounds of contravening international law and, in many respects, contravening international humanitarian law. These representations have been made robustly, not just by the current Government but by previous Governments. What we want to see is the creation of a sovereign, independent, democratic, contiguous and viable Palestinian state living in peace and security side by side with Israel.

Lord Leigh of Hurley (Con): Does my noble friend the Minister agree that while the rights of non-Jewish citizens are, quite rightly, better protected in Israel than in any other part of the Middle East, citizens of Palestine, to whom I believe the Question refers, do not fare so well? Does she agree that we should be addressing the concerns raised by the report from Amnesty International, which points out that Hamas has summarily executed, without trial, a large number of its opponents in Gaza?

Baroness Goldie: Again, the United Kingdom Government have been clear in their attitude to Hamas. We have proscribed the military wing of that organisation since 2001. The United Kingdom Government currently have a policy of no contact with Hamas, including the political wing as well as the military wing. Our position is very clear: Hamas must renounce violence, recognise Israel and accept previously signed agreements.

Lord Collins of Highbury (Lab): My Lords, I welcome the Minister's continued commitment to the two-state solution. I also welcome her commitment to promoting peace. One way to commemorate the Balfour Declaration would be to promote intercommunity relationships. Can she give us examples of where the Government will be doing this to mark the centenary, so that they are not talking just with Governments but with people, promoting intercommunity relationships, particularly in schools and among children?

Baroness Goldie: The noble Lord, Lord Collins, makes an important point. I believe that a very positive dividend can often be reaped by such activity as that to which he refers. Certainly, in trying to encourage fresh negotiations to address the current challenges and difficulties, the UK Government are working through multilateral institutions, including the United Nations and the EU, to support resolutions and policies that encourage both sides to take steps that rebuild trust. The Arab League and Arab states also have a key role in that peace process and we are discussing with them ways that we can move the situation forward.

Viscount Waverley (CB): My Lords, will the Minister do all in her power to promote the "Made in Palestine" brand as a way in which to encourage direct development in Gaza and the West Bank?

Baroness Goldie: I do not have specific information on that issue but we certainly think it is right that people have a basic entitlement to determine where they buy goods and from which source. That is up to them. The United Kingdom Government have assisted with labelling in certain cases. If I can ascertain more information, I shall write to the noble Viscount.

Genocide Question

3.11 pm

Asked by Lord Alton of Liverpool

To ask Her Majesty's Government what action they are taking, in collaboration with the International Criminal Court, or through the creation of appropriate tribunals, to bring to justice perpetrators of genocide, war crimes, and crimes against humanity.

Baroness Goldie (Con): My Lords, international criminal justice and accountability is a fundamental element of our foreign policy. The United Kingdom firmly believes that there must be no impunity for the most serious international crimes. We provide financial

and political support to the International Criminal Court and other international tribunals. With our international partners, we also fund efforts to gather and preserve evidence that could be used by courts to bring perpetrators of these crimes to justice.

Lord Alton of Liverpool (CB): My Lords, I thank the noble Baroness for that helpful reply. Will she confirm that it is now 14 months since the House of Commons designated the atrocities in Iraq and Syria—committed against Yazidis, Christians and other minorities—to be a genocide, this crime above all crimes? What progress has been made in collecting court-ready evidence and in referring those responsible to the International Criminal Court, to which she referred, or to a regional tribunal? If accountability and justice in countries such as Iraq, Syria, Sudan and North Korea are to be credible, should we not be giving this matter greater priority and urgency to ensure that we see no compromising of the gold standard of the ICC?

Baroness Goldie: I thank the noble Lord. He raises an important point and I reiterate that the United Kingdom's support for international criminal justice is based on the principle that there must be no impunity for genocide, war crimes and crimes against humanity. The International Criminal Court has been making good progress, as the noble Lord is probably aware, in the prosecution of persons alleged to have committed crimes. Indeed, 2016 was the court's most productive year for judicial output, with seven convictions in three cases.

In relation to the gathering of evidence from Iraq and Syria, the UK provides financial support to a specialist organisation to conduct investigations in Syria and build prosecution-ready criminal case files against the high-level perpetrators, in accordance with international standards. The noble Lord may be aware that last year the United Kingdom funded a project through our Magna Carta fund to improve the documentation of sexual violence and other gender-based cases in a victim-sensitive way in several areas of Iraq. That has assisted in the development of cases in which so many women from, for example, Christian and Yazidi communities have suffered.

The Lord Bishop of Peterborough: My Lords, in 2014 the United Nations commission on human rights abuses in North Korea declared that these were without parallel in the modern world, citing numerous cases of murder, rape and disappearances. Yet nothing has been brought to the international court or to any other regional tribunal. Why is nobody being held accountable?

Baroness Goldie: I thank the right reverend Prelate for his question. North Korea is a secretive regime that is difficult to access in terms of information. In principle, the International Criminal Court could be an appropriate forum to hold North Korea to account for its behaviour, but the International Criminal Court can take action only when a war crime or crime against humanity is suspected to have been committed in or by a country

which is party to the Rome statute or when the situation is referred to it by the United Nations Security Council. North Korea is not a party to the Rome statute and, as we have seen with Syria, it can be difficult to achieve such a referral when a country is not a signatory to the ICC. The right reverend Prelate may rest assured that the United Kingdom Government, in conjunction with international partners, remains concerned about activities in North Korea and we shall use all endeavours available to us to continue to register these concerns.

Baroness Kennedy of The Shaws (Lab): My Lords—

Lord Elton (Con): My Lords—

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, we have time for both questions, so shall we go first to the noble Baroness, Lady Kennedy?

Baroness Kennedy of The Shaws: The matter being raised by my noble friend Lord Alton relates to the torture of women and others—Christians and Yazidis. Rather alarmingly, President Trump, in campaigning, said that he was in favour of torture, that there was nothing wrong with torture and that, as far as he was concerned, it worked. Have we in any way addressed his publicly expressed opinion on torture?

Baroness Goldie: The noble Baroness will be aware of the United Kingdom Government's attitude to torture. We are very robust about that. What other sovereign states choose to do is largely their affair. I am not aware of any specific exchange to which the noble Baroness alludes. I shall do some research, and if I discover any information I shall be in touch with her.

Lord Elton: I apologise to the noble Baroness, Lady Kennedy. My noble friend referred to a process which it is necessary for any incident to go through before it can be recognised as within the jurisdiction of the International Criminal Court. Has the case of the Yazidis and Christians in Syria been through that process—and, if so, can the pursuit of that case be accelerated?

Baroness Goldie: At the end of the day, it is for the International Criminal Court, as an independent institution, with its prosecutor, to make all decisions relative to the prosecution of crimes within its jurisdiction. On the basis of information being provided, I am absolutely certain that the court and the prosecutor will want to do everything within their power to pursue allegations where there are serious concerns such as those referred to by my noble friend.

Lord Collins of Highbury (Lab): My Lords, I welcome the Minister's commitment to the funding of the ongoing gathering of evidence, which is extremely welcome. Will she tell the House whether there are ongoing discussions with the Iraqi Government regarding the establishment of regional ad hoc tribunals to prosecute the crimes of Daesh?

Baroness Goldie: The noble Lord will be aware that the United Kingdom Government launched an initiative to address the atrocities being committed by Daesh. That initiative has enjoyed international support. In so far as Iraq and the activities of Daesh are concerned, there is a dual process of gathering evidence, investigating and then referring the information to the International Criminal Court. As I said in response to an earlier question, what the International Criminal Court then does and the decision it takes in relation to prosecution rest with it.

Lord Campbell of Pittenweem (LD): My Lords, is the noble Baroness aware that the International Criminal Court is constituted by the Rome statute? Is she also aware that there are reports that a number of countries that are members of the Commonwealth—South Africa, Kenya and Uganda—are considering withdrawing from that statute? In those circumstances, would it be appropriate to put the issue of support for the International Criminal Court on the agenda for the next meeting of the Commonwealth Heads of Government?

Baroness Goldie: It was the case that some rather alarming headlines appeared about the threat of member states withdrawing from the ICC. In fact, that distilled into withdrawals by South Africa, Burundi and Gambia. Interestingly, Gambia rescinded its decision and remains a member state, and I understand that the situation is under consideration in South Africa at the moment. So the threat of withdrawal did not prove to be as alarming as initially contemplated. I think that I am correct in saying that there are 124 member states of the International Criminal Court—so it is a very significant body and universally supported.

Boundary Reviews 2018

Question

3.20 pm

Asked by **Lord Kennedy of Southwark**

To ask Her Majesty's Government whether they intend to introduce legislation amending the provisions relating to the 2018 Boundary Reviews.

Lord Young of Cookham (Con): My Lords, following laws already passed by Parliament, the independent Boundary Commissions are consulting on their proposals to deliver boundary changes. They will submit their final proposals to Parliament in autumn 2018, ensuring fair and equal representation for the voting public across the UK. We have no plans to change this process.

Lord Kennedy of Southwark (Lab): My Lords, millions of people have registered to vote who are not taken into account in the present parliamentary boundary review. Will the noble Lord commit the Government to including these people? Would he comment on the general opinion that the present boundary review is dead in the water because the DUP does not want it

[LORD KENNEDY OF SOUTHWARK]

and that any review approved by Parliament will be on the basis of there being 650 seats in the House of Commons? If that is the Government's real intention, they should say so quickly and stop wasting any more public money on a review that will not be approved.

Lord Young of Cookham: My Lords, the country has already fought two general elections on out-of-date boundaries for reasons that are familiar to the noble Lord. If we followed the noble Lord's suggestion and started again with a new register, there is a risk of a third general election on boundaries which were set in place in 2000. That would be an affront to democracy.

Lord Wallace of Saltaire (LD): My Lords, fair and equal representation is clearly one of the principles. The principle of a single-member constituency also refers to the importance of place and community. Are we now abandoning that, as seems to have been done in the proposals which we are developing, and following the American system, where boundaries are drawn up entirely according to which party has the advantage in each state and without reference to local communities? Will we still try to hold on to the principle that representation should be based on towns, communities and counties?

Lord Young of Cookham: We are implementing proposals put on the statute book by the then leader of the noble Lord's party, who was Deputy Prime Minister. He put on the statute book the legislation implementing the reviews which are currently being delivered.

Lord Campbell-Savours (Lab): My Lords, is the reduction from 650 to 600 still on the cards? Is that going to happen? Has the DUP approved that?

Lord Young of Cookham: The legislation, which was approved by both Houses of Parliament, reduced the numbers of Members of Parliament from 650 to 600. The review that I referred to in my earlier response postulates boundaries for 600 constituencies.

Lord Forsyth of Drumlean (Con): My Lords, I speak as someone who, when Secretary of State, had to sign a Boundary Commission report which made my own constituency unwinnable. Would my noble friend confirm that it is the duty of this House and the other place to approve the independent Boundary Commissions' proposals? If it becomes a party-political matter, that way lies great danger to our democracy.

Lord Young of Cookham: I heartily agree with my noble friend. His constituency was made unwinnable by the Boundary Commission; mine was actually abolished; I am not quite sure which of us came out of it best. So far as his question is concerned, it would be an affront to democracy if the proposals of the independent Boundary Commissions were obstructed.

Lord Grocott (Lab): Is it not also an affront to democracy that the strategy of this Government has been to plan a reduction of the number of MPs from

650 to 600, while in the same period increasing the size of this House by 240-plus life Peers? Could the Minister explain the thinking behind this situation?

Lord Young of Cookham: The noble Lord will know that the coalition Government sought to reduce the number of noble Lords by a very substantial number, but because of the failure of his party in the Commons to support it, that Bill did not go through. He will also know that the Lord Speaker has set up a committee under the chairmanship of the noble Lord, Lord Burns, which I understand may report in July. There is a consensus across the House that the numbers need to come down. We look forward to the noble Lord's proposals, to see how that might be delivered.

Lord Elystan-Morgan (CB): Does the Minister agree that the punishment handed to Wales is utterly out of proportion; that, whereas the loss of seats for the United Kingdom as a whole is one out of every 13, in the case of Wales 40 seats are reduced to 29; and that this is regarded as being entirely out of kilter with the whole principle that has been adumbrated?

Lord Young of Cookham: It is out of kilter only because Wales is overrepresented compared with other countries in the UK Parliament. At the moment, the quota for Wales, the average number of voters in a Wales seat, is 56,000, against 71,000 in England. At the moment, we have a constituency in Wales, Arfon, with 39,000 voters, while North West Cambridgeshire has 92,000. The proposals that the Boundary Commission is introducing will ensure that each vote has equal weight.

Lord Cormack (Con): My Lords—

Lord Watts (Lab): My Lords—

Lord Cormack: I think it is this side's turn. Can my noble friend, having referred to the Burns committee, give an assurance to the House that, when the committee reports, its report will be fully debated and that, if there is indeed a consensus, the Government will give it a fair wind?

Lord Young of Cookham: The business of the House is in the capable hands of the Government Chief Whip, who will have noted exactly what my noble friend has said. If my noble friend looks at what we said in our manifesto, he will see that we said we want to work with the House of Lords where there is a consensus on measures to take it forward. What we have actually said—I have now found the quote—is that the Government will work with Peers where there are measures that command consensus across the House.

House of Lords (Hereditary Peers) (Abolition of By-Elections) Bill [HL] *First Reading*

3.26 pm

A Bill to amend the House of Lords Act 1999 so as to abolish the system of by-elections for hereditary Peers.

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

Lord Grocott (Lab): My Lords, let us have no filibustering this time.

Age of Criminal Responsibility Bill [HL]

First Reading

3.26 pm

A Bill to raise the age of criminal responsibility.

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

Modern Slavery (Victim Support) Bill [HL]

First Reading

3.27 pm

A Bill to make provision about identifying and supporting victims of modern slavery; and for connected purposes.

The Bill was introduced by Lord McColl of Dulwich, read a first time and ordered to be printed.

Succession to Peerages Bill [HL]

First Reading

3.27 pm

A Bill to amend the law regarding the succession to Peerages; and for connected purposes.

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

Asset Freezing (Compensation) Bill [HL]

First Reading

3.28 pm

A Bill to make provision for the imposing of restrictions on assets owned by persons involved in conduct that gives support and assistance to terrorist organisations in the United Kingdom for the purpose of securing compensation for citizens of the United Kingdom affected by such conduct.

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

Queen's Speech

Debate (3rd Day)

3.28 pm

Moved on Wednesday 21 June by Lord Forsyth of Drumlean

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

“Most Gracious Sovereign—We, Your Majesty’s most dutiful and loyal subjects, the Lords Spiritual and Temporal in Parliament assembled, beg leave to thank Your Majesty for the most gracious Speech which Your Majesty has addressed to both Houses of Parliament”.

The Parliamentary Under-Secretary of State, Department for Transport (Lord Callanan) (Con): My Lords, it is a privilege and pleasure to open the second day of debate on Her Majesty’s most gracious Speech. I am honoured to be standing before noble Lords just three weeks

after taking up my role in the new Government as a Transport Minister. This is always one of the most interesting and wide-ranging debates in the Lords calendar, so I very much look forward to the valuable and informed contributions that I know that many noble Lords will make. On behalf of the whole Chamber, I particularly extend a warm welcome to the noble Lords, Lord Colgrain and Lord Mountevans, who will be giving their maiden speeches today. I also thank my noble friend Lord Prior, who will be winding up the session this evening.

This Queen’s Speech was all about building a stronger, more successful and more resilient Britain: a country with its sights firmly set on the future and on what we can achieve as we build closer links with friends and trading partners around the world; as we deliver a Brexit deal that works for all parts of the United Kingdom; and as we grow and rebalance our economy, working to meet the aspirations of the whole nation. These themes will crop up regularly in our Queen’s Speech debate today, as we debate the Government’s agenda on economic affairs, transport, business, energy, the environment and agriculture.

Let me start with the economy. The fundamentals of the economy are strong. We have a record number of people—almost 32 million—in employment. We have reduced the deficit by almost three-quarters since 2010. After our economy grew 1.8% last year—the second highest in the G7—the Office for Budget Responsibility expects it to grow a further 2% this year.

Our economic success over the past few years has been widely documented, but what perhaps is less well appreciated is how it is benefiting the whole of our country. As the Chancellor made clear in his Mansion House speech last week, inequality is at its lowest in 30 years. The poorest households here have seen their incomes rise by more since 2010 than any other G7 country. That is partly thanks to the introduction of the national living wage, adding £1,400 to the annual income of those in full-time work on minimum salary. It will continue as we increase the national living wage, so that people on the lowest pay see their wages rise as the economy strengthens.

We have been clear that we want to keep taxes as low as possible for ordinary working people. Although we live in changing times, one thing will never change: this Government will always put economic stability first. That is why we are investing £23 billion through the national productivity investment fund in key growth areas, such as research and development and housing. It is why we are helping young people to get the training and development they need to do the high-skilled, high-paid jobs of the future. It is why we are determined to get the best possible Brexit deal for households and for UK companies.

As we leave the EU and adjust to our new position in the world, the resilience, flexibility and dynamism of our economy will be key. New Bills in the Queen’s Speech on trade and customs will help to give us an independent trade policy and a world-leading customs service. As Her Majesty’s most gracious Speech made clear, we will help British businesses sell their products and services abroad and boost exports.

[LORD CALLANAN]

Achieving our economic objectives depends on co-ordinated action across government, and I am proud that transport is playing a much bigger role today in stimulating growth. Transport used to be among the first departments to suffer whenever Governments of the day had to tighten their fiscal belts. While our competitors invested in major infrastructure projects, here in the UK, transport upgrades often fell victim to short-term political concerns. Because we have failed to invest in the long-term fabric of our nation, we have watched as our roads have grown more congested and our railways more overcrowded. But that is changing. No more is Britain seen as short-termist or infrastructure-averse. Since 2010, we have overhauled transport policy, and today we are delivering the capacity and links that we need to grow as we leave the European Union—connecting British companies with fast-growing global markets, creating the highly skilled jobs we need to modernise transport in this country and making the necessary investments to improve journeys for all working people.

Her Majesty's most gracious Speech also showed how we are taking full advantage of the unique opportunities that new technologies provide. For example, the automated and electric vehicles Bill will help make Britain a global leader in developing and owning self-driving and electric cars. Self-driving vehicles might sound like science fiction, but they are already science fact and will revolutionise the way we travel. They will make roads safer by cutting the risk of human error and reducing insurance premiums. They will change the lives of disabled people with reduced mobility and reduce congestion by making better use of scarce road space. That is why, through this Bill, we are positioning ourselves as one of the first countries to benefit from the development and growth of self-driving vehicles.

It will also help us retain our leadership in electric vehicles. We are already one of the biggest markets for plug-in cars in Europe. So far this year, sales of pure electric cars are up by 36%, with a total of more than 100,000 ultra-low-emission vehicles now on our roads in this country. That is a ringing endorsement of the Government's funding commitments of more than £2 billion since 2011 to increase ultra-low-emission vehicle uptake and support greener transport.

Our charging infrastructure is one of the most comprehensive in Europe, with more than 11,000 publicly accessible charging points, now including 900 rapid chargers. As the market evolves, however, this number will need to increase. The new Bill will give drivers confidence that there will be somewhere to charge their cars at motorway service areas and large fuel stations right across the country. Common standards will make them easy to use, and ensure that drivers have a wide choice of charging points. One of the main reasons the sales of electric cars are increasing is that buyers can see the charging infrastructure taking shape around them. This Bill will speed up the development of that network.

There is also a revolution happening on the railway. We are making excellent progress with HS2, Britain's new high-speed rail network. HS2 will be the backbone of the national rail system, connecting our major

cities, transforming capacity across the railway, and freeing up space for new commuter services on existing lines. HS2 is not just a new railway; it is an investment in our economic prosperity for the next half century and more. It will be a powerful catalyst for rebalancing our economy, spreading growth that for far too long has been concentrated in London and the south-east.

The new Bill announced last week will give us the powers to build and operate the next stage of the line from the West Midlands to Crewe. It is a crucial section of the project. Not only will it reduce journey times from London to Manchester and Crewe, it will speed up journeys to places such as Liverpool, Preston and Glasgow. With cross-party support and a programme that remains on time and on budget, construction of phase 1 will begin soon. We expect to deposit the new Bill covering the West Midlands to Crewe route in Parliament by the end of this year.

High-speed rail may be the biggest transport scheme of this generation. However, an even bigger revolution is taking place above us—in space. In the new economic space race, Britain is a strong competitor. The space industry Bill announced by Her Majesty last week has a clear purpose: to make Britain the most attractive place in Europe for commercial spaceflight; to put British business, engineering and science at the forefront of space technology; and to offer our world-leading, small satellite companies low-cost, reliable access to space. It will also generate opportunities for tourism.

While I am sure that most noble Lords would probably prefer two weeks on a cruise ship to floating in sub-orbital weightlessness for half an hour, there is in fact lots of demand for space tourism. The UK space industry is already worth £13.7 billion to our economy, and employs more than 38,000 people. This Bill will help us to achieve our goal to grow our share of the global space market to 10% by 2030. We want to be the first country to establish commercial spaceport operations in Europe. However, we need to move quickly to achieve our objectives. That is why this Bill is so important and we expect its First Reading to take place shortly. It will help provide the legislation required for launches and flights from UK spaceports, giving us new powers to license a wide range of commercial craft, including vertically launched rockets, space planes and satellites. Any site that meets the regulatory requirements will be able to apply to become a spaceport. We have already had strong interest from regions across Britain wanting to benefit from this exciting new market.

Finally, my department will also deliver a Bill to improve protection for holidaymakers. This will update the ATOL scheme so that it can keep pace with changes in the online travel market and UK-established companies can sell more easily across EU borders.

Her Majesty's most gracious Speech also featured a number of important Bills and measures that the Department for Business, Energy and Industrial Strategy will be taking forward. The nuclear safeguards Bill will enable us to implement a domestic safeguards regime when we leave the EU Euratom treaty. This will allow us to meet our international obligations. We are bringing forward proposals to ensure that critical national

infrastructure remains protected, so that foreign infrastructure ownership does not undermine our security or essential services.

We will strike the right balance between protecting national security and remaining a global champion of free trade. The Government also want to ensure fairer markets for consumers, so we will publish a Green Paper that will closely examine markets that are not working in the interests of consumers.

Let me be clear: we are firm believers in the market economy. It is the private sector, operating through a competitive market economy, that has delivered much of the growth that we have seen since 2010, but it is our job to make sure the system is working for the benefit of consumers. In particular, while progress has been made in recent years to improve competition in the energy retail market, it is clear that industry needs to do more. We expect energy suppliers to treat their customers in the same way as other competitive service sectors, so we will act where necessary. This will include bringing forward measures to help tackle unfair practices in the energy market so that energy bills can come down. A smart meters Bill will also help us complete the rollout of smart meters, protecting consumers and leading to £5.7 billion of net benefits to Britain. Smart meters will not just put consumers in control of their energy use, helping them to avoid wasting energy and money, they will end estimated billing and help customers to use smart pre-payment.

As I mentioned, the Queen's Speech also confirmed the Government's commitment to increasing the national living wage—specifically, increasing it to 60% of median earnings by 2020, then maintaining it in line with median earnings until the end of this Parliament. The Queen's Speech also set out the Government's intention to enhance rights and protections in the modern workplace, informed by Matthew Taylor's review of modern employment practices.

I turn to the environment and agriculture. Agriculture contributes £8.6 billion to our economy and employs 1.5% of the workforce, so it is important that we support the industry and provide a strong foundation for future growth. The EU's common agricultural policy, under which we have been operating for the past 44 years, has been an expensive failure. It is a system that provides financial support to millions of farmers across Europe to boost productivity, which accounts for around 40% of the total EU budget at €58 billion a year, and has been widely criticised for creating artificially high food prices throughout the European Union. Leaving the EU presents us with a great opportunity to renew our agriculture policy so that it supports farmers in a targeted and more effective way, while also achieving better value for money for hard-working taxpayers. Our vision is for a productive and competitive UK agriculture sector, supplying products of the highest standard to the domestic market and increasing exports abroad. At the same time, we will improve our environment, so that we can leave a better environment to the next generation than the one we inherited. The agriculture Bill will provide stability and certainty for the farming industry. It will enable the Government to support farmers to produce and

sell more great British food, and in a more sustainable way. It will also help us deliver the same cash total fund for farm support until the end of the Parliament.

A fisheries Bill will be introduced to allow us to regain control of the UK's exclusive economic zone and set UK fishing quotas once we have left the EU. This will provide a basis for us to secure a fairer share of the market, and greater economic benefit from our fish stocks. It will help a new generation of fishermen, as well as preserving and increasing our stocks, and it will support our coastal communities while securing the best possible deal for the UK fishing industry. We will no longer be bound by the common fisheries policy and will become an independent coastal state. But we will, of course, still meet our international obligations and co-operate with other coastal states in the management of our waters.

The gracious Speech sets out a clear direction for the future of Britain: a fairer, more prosperous and self-determining future as we leave the European Union, but also a more global future—one in which we build new relationships and trade agreements around the world, and where the talents and innovation of our own people and businesses can shine. I have set out how our legislative programme will help us meet those ambitions, and now I look forward to hearing contributions from all around your Lordships' House.

3.44 pm

Baroness Jones of Whitchurch (Lab): My Lords, it is a great pleasure to follow the Minister's contribution to the debate on the gracious Speech this afternoon and to welcome him to his new role. He has done the best he can, but it is a shame that the Government's legislative programme appears to have the same vision and authority as the PM herself—very little. This is not surprising, because it is drawn from a disastrous Conservative manifesto that offered no hope and no change to a British public tired of falling living standards and failing public services. This is why it is widely acknowledged that Labour won the battle of ideas in the election, with policies that can deliver stronger growth, better living standards and greater equality and justice.

Although it is a debate for another day, the huge challenge posed by Brexit stalks through all strands of our lives, and we have heard nothing today that will reassure the public, markets, small businesses and the global community that our economy will be stronger once we exit the EU. The Chancellor's position may be safe for now, but he still seems incapable of setting out a confident and bold strategic vision following the public's rejection of his less than impressive economic record and his leader's plans for a hard and uncompromising Brexit. The wrong mix of monetary and fiscal policy has left the economy weak and unstable—weak because investment and productivity have been so poor, and unstable because growth has been so heavily reliant on debt-driven consumer spending. Meanwhile, under this Government, the national debt is set to hit almost £2 trillion. They have missed every debt and deficit target that they have set themselves and their answer is simply to move the target date even more remotely into the future.

[BARONESS JONES OF WHITCHURCH]

This Queen's Speech represents a missed opportunity to really get to grips with the root causes of our economic woes and to reassure us over the economic impact of Brexit. Even Mark Carney, in his Mansion House speech last week, recognised the urgent need to escape the low-inflation, low-wage, low-growth trap that has driven down household incomes in the last decade. Confronted by strong evidence that economic policy since 2010 has been a failure, this Government's response has been to offer more of the same. Yet, as we know, the first May-Hammond Budget quickly fell apart and the subsequent Finance Act failed to address the economic crisis or provide a clear direction to those in the finance and pensions sector who were crying out for clarity on this. Meanwhile, Labour has set out a clear alternative. We will set up a national investment bank that will deliver the finance needed by our small businesses, co-operatives and start-ups, getting the economy moving again by filling the gaps in lending by private banks and by providing dedicated long-term finance to R&D-intensive investments.

The UK also has the worst performance in terms of real wages, which have fallen by an average of 1% per year. To our shame, we have punished the young most of all, with 18 to 21 year-olds facing a fall in real wages of over 15%. Is it any wonder that many young people who I have met have lost faith in the idea that they will succeed in life? It is only by building on the creativity and talent of the next generation that Britain will succeed in the 21st century, yet I see little hope for young people in this Queen's Speech. I am proud of the fact that it is the Labour Party that is the strongest advocate for young people. We showed that we cared about their finances and their future. Our plan to create a fertile ground for businesses to thrive places young people at its very heart by focusing on skills, including quality apprenticeships, research and development, and infrastructure.

Tackling low pay has to be part of the solution. Despite what the Minister has outlined, nearly 6 million people earn below a living wage. Nearly a million workers are on zero-hours contracts, and there are far too many people without the certainty of employment that they need to live a debt-free life. Meanwhile, boardroom bonuses continue to rise, and the widening gap between the highest and lowest earners creates further injustice. This is why we are committed to introducing a real living wage of £10 an hour, giving all workers full and equal rights from day one, introducing an excessive pay levy and rolling out maximum pay ratios of 20 to 1 in the public sector and public contracts. Perhaps when the Minister responds he can explain what this Government plan to do about tackling excessive boardroom pay, ending low pay and intervening in the gig economy to give workers back some control over their lives.

The upgrade needed to the way our economy works includes an industrial strategy that meets the challenges of our times. Sadly, the Government's much-heralded Green Paper on their industrial strategy has come in for considerable criticism. As the Lords' Science and Technology Select Committee said recently:

"The Green Paper ... resembles a portfolio of tactics rather than a coherent strategy".

It went on to emphasise the need for a more coherent approach to tax and regulation for science and industry, combined with greater investment in skills and the availability of patient finance to strengthen, "the relationship between government, businesses and universities".

We very much hope that work is going on behind the scenes to provide a more coherent strategy, but this Queen's Speech gives little clue as to what that thinking might be. The issues that are flagged up—electric cars, space rockets, high-speed rail and smart meters—are all laudable in themselves but do not add up to an industrial strategy. Nor do they address the importance of good industrial relations and how to build on the proven link between employee engagement and productivity growth.

Investing in our future also means investing in our environment. Sadly, on this issue as on so many others, the Queen's Speech represents a missed opportunity. Of course we welcome the reiteration of support for the Paris agreement, although it would have been good to hear something about a serious plan to bring Donald Trump back into line on this. But apart from the brief note on affordable energy and electric cars, why was this the only mention of anything relating to climate change? Despite dangerous air pollution levels across the UK and crucial environmental laws that need to be translated into British legislation as we leave the EU, the environment was notably missing as a policy priority.

The UK is poorly prepared for the inevitable impacts of global warming in coming decades, including deadly annual heatwaves, water shortages and difficulties producing food, yet it seems that the Government will not address any of these problems over the next two years. By ignoring the biggest problem facing us globally and the urgency of this problem, and by putting their head in the sand, the Government are leaving future generations a legacy of problems, including coastal erosion, flood damage, water shortages and food price shocks. We need to begin the process of future-proofing today—a point emphasised by the Committee on Climate Change's latest report on its risk assessment of the environment. If the Government are happy to ignore the human costs of climate change, it is staggering that they are also ignoring the Bank of England, which only last month published an investigation into the risks of climate change to financial services. It is often said that money talks. Alas, this Queen's Speech reveals that no one is listening.

The lack of a coherent plan to tackle climate change is symptomatic of a wider failure to embrace renewable energy. The UK energy system is outdated, expensive and polluting. The Government have failed to harness the huge potential of emerging technologies and renewable energy projects. They have placed a disproportionate emphasis on nuclear energy, yet the latest NAO report on Hinkley Point, published last week, is damning. It reports that costs have already risen from £6 billion to £30 billion and says that the deal has,

"locked consumers into a risky and expensive project with uncertain strategic and economic benefits".

It raises the spectre that the project will be delayed or cancelled. Could the Minister clarify whether this Government are heeding the NAO's advice and developing a plan B to fill our energy gap if this project fails?

Nothing has worried environmentalists more, recently, than the news that Michael Gove has been appointed Defra Secretary of State. His track record speaks for itself and has a depressing constancy. Time and again, he has voted against measures to reduce carbon emissions and to increase energy from renewable resources. In the leave campaign he spoke with some enthusiasm about the prospects of scrapping environmental regulations, and he has subsequently suggested to the CBI that it should start drawing up a list of social and environmental regulations that it would like to see abolished or reformed. It is true that since his unexpected appointment he has made more conciliatory noises, but we should remain quite rightly suspicious of his ultimate motives. Environmentalists most want the certainty that the existing EU environmental protections will be safeguarded in full and for a long time.

When Mr Gove looks at his in-tray, he could also finalise the publication of both the environment and the food and farming 25-year plans, which were meant to set out a long-term strategy for these sectors but which have been embarrassingly delayed for some time. Can the Minister shed some light on their latest publication date, or confirm rumours that they have both been shredded?

We look forward to debating the agriculture and fisheries Bills, which were included in the Queen's Speech. Both these sectors need urgent reassurance that jobs, livelihoods and markets will be protected. Their continuing success is fundamental to our country's economic resilience in the future. We will continue to work closely with all those who work and live in these communities to safeguard jobs and deliver a sustainable long-term future for our farming, fishing and food industries.

Finally, we welcome many of the Government's transport proposals, looking forward to the future with new rail infrastructure and embracing automated and electric vehicles. We will continue to push for a greater role for the Office for Low Emission Vehicles in driving the uptake of ultra-low emission vehicles. We also applaud the attempt to secure growth in the UK space sector, although since the Government cannot currently manage our rail franchises I have huge concerns about the implementation of any spaceflight Bill, and fear that it might be more of a flight of fancy than reality. My own rail network is run by Southern, so I understand at first hand the chaos, disruption and impact on family life that this has been inflicting on commuters and travellers over the last two years and that seems set to continue. So while spaceflight and high-speed rail are exciting prospects, I hope the Minister will hear our pleas that the Government will tackle the deep flaws in our current rail network as a priority.

I look forward to hearing the remaining debate today, in particular the maiden speeches of several noble Lords who I am sure will add greatly to the quality of the discussion.

This is a wounded Government and a threadbare set of proposals. For as long as the Government remain in office, we will play our full role in scrutinising the Bills in detail. But should this Government fall, as many predict they will, rest assured that Labour will

bring forward a Queen's Speech that truly addresses the challenges facing Britain, offers hope and represents the real centre ground of British politics.

3.58 pm

Lord Fox (LD): My Lords, last week I had the pleasure of attending a reception given by the High Value Manufacturing Catapult. At that event the Minister, the noble Lord, Lord Prior of Brampton, spoke eloquently of the challenges facing this country, in particular the changes that will follow the onset of Industry 4.0, the effects of machine learning, and the scale of the change that will result from those developments. I completely agreed with his speech—which, given the audience, fell on receptive ears. It was clear to all of us there, including businesses seeking to create a new future and some of the brightest manufacturing people around, that the future is changing fast, that Britain needs to change at least as fast and that government must act to maximise our strengths and shore up our weaknesses. Failure to do so will have an impact on all the aspects of this portfolio debate. Yet the gracious Speech did its best to divert attention and fiddle around the margins. Of course, the reasons for that are clear for all to see and will be set out by many speakers in today's debate, not least by my colleagues on these Benches.

At a time when external pressures on our wealth-generating industries have never been more intense, our Government and the machinery they command are completely distracted. So we face the prospect not only of this Government choosing the wrong paths during the Brexit negotiations but of there being insufficient energy within government to meet the other real existential challenges facing us. The effects of Brexit will be rehearsed by many others in your Lordships' House today and probably on every other day of the debating week. Noble Lords will be pleased to hear that I will focus on the other part of this challenge.

I shall speak briefly about some of the specific measures in the Queen's Speech and then pick up some key features around the industrial strategy. We will see that not only are the Government distracted but they are impotent. They have not the slightest chance of passing anything but the most anodyne of measures, which explains the non-Brexit legislation that will be set before us. For example, we have heard that the Government will introduce legislation to ensure that the UK remains a world leader in new industries, including electric and automated vehicles and commercial satellites, about which the Minister spoke very eloquently. Very good, I say. Here, I must draw attention to my declared interests in GKN and Smiths Group. In highlighting those aspects, the Minister has indicated why those Bills are there: they are a diversion from the main issues that we face as a country. They are important but not as important as the things that are not in the Queen's Speech.

Regarding automated and electric cars, clearing up some of the insurance issues and making things easier to plug in are of course important but there are real technological and infrastructure considerations that are not addressed—not least the woeful wireless and

[LORD FOX]

broadband network in the United Kingdom. In that regard, following last Session's Digital Economy Act, can the Minister tell us when a universal service obligation will be delivered to the whole country and what that USO will be? For its part, the UK space industry, while benefiting from a landing bay, will be massively affected to the negative by how it is being disconnected from the rest of Europe's industry. Perhaps the Minister can tell us how severing some of our most effective industrial links will strengthen the space industry and, indeed, the wider aerospace industries.

I turn to another part of the Queen's Speech, where Her Majesty announced that the Government,

"will spread prosperity and opportunity across the country through a new, modern industrial strategy".

Who would vote against something as good as that? To be fair, once again the noble Lord, Lord Prior, has acknowledged that the current industrial strategy Green Paper, which now awaits the Government's next move, had its genesis in the days of BIS and the noble Lord, Lord Mandelson. It was taken on and up by Vince Cable and the coalition, so there is a continuum through that process. I am sure that the Minister has read my party's response to the consultation on the Green Paper but, for the benefit of the rest of the House, I will pull out a couple of points.

From memory, some 40 questions were posed in the consultation, yet none of these asked for any input on how to shape the UK economy to become more green and sustainable. So I ask the Minister: is that because the Government felt they already had the answers to these questions or because they did not care? In answering this question, the Minister could undertake to publish a green business road map setting out measures to incentivise all business to reduce waste and improve effective resource use. He could also explain how the UK can capitalise on our leading positions in green technology and comment on the future role of the Green Investment Bank.

A second facet not highlighted in the industrial strategy response questions was inclusive growth. The Queen's Speech, rightly, talks about spreading prosperity across the country, so in that regard will the Minister confirm that the Government will recognise the findings of the Inclusive Growth Commission's report? Furthermore, how place-based development is delivered is key. I would like some clarity from the Government. They have put stock in the creation of metro mayors, yet vast swathes of the country do not have one; it is local enterprise partnerships and other agencies that are charged with driving local development. Will the Minister explain how the Government will deliver their place-based development and how prosperity will be brought across the country? Will it be through the LEPs as they exist now? Will it be through some future, super-charged version of the LEPs, or are we to expect something else?

There is also the issue of skills. Without any real change in the delivery of skilled people, nothing is achievable. We all agree that we need more and different skills. The noble Lord, Lord Baker, and others have eloquently explained how the industrial future will depend on getting this right. As a start, the Government

have spoken of T-levels to rival A-levels in esteem. There are no further details as yet, so the Minister could perhaps sketch in how those will work. The Queen's Speech introduces an idea of major reform of technical education. What does that mean? What does it mean for T-levels? What does it mean for UTCs, their future and their current performance? Whatever is proposed can work only if backed by real and substantial funding for education, training and skills development. All talk of a new sort of technical education pales into insignificance if there is no money. How much new money will be placed on the table to deliver the skills we need?

Finally, there was an eye-catching provision in the Conservative Party manifesto—it is not the one that noble Lords are thinking of—that pointed to the formation of a future Britain sovereign wealth fund, largely funded from shale gas extraction revenues. Will the Minister tell your Lordships' House whether this fund is still planned and just how much money he expects to be in it by the end of this Parliament? If there is any money in this fund, what will it be used for?

This speech is stuffed full of questions because the election and now the Queen's Speech have failed to spell out anything meaningful about the Government's intentions. My worry is that the Government themselves are not sure what they want either. It is very hard to see how the events of the last two years could in any way be seen to be putting the economy first. The economy is suffering from the actions of this Government and will continue to until a coherent vision and route to reach it are properly set out. I hope this debate is used by the Government to start to unveil this vision, but I am not hopeful that we will hear anything that actually and truly spreads prosperity across the country.

4.07 pm

Lord Low of Dalston (CB): My Lords, in a debate that took place last year on the outcome of the referendum, I said:

"Of one thing we can be reasonably certain: that no Prime Minister is going to call another referendum any time soon".—[*Official Report*, 6/7/16; col. 2075.]

We can now add to that that no Prime Minister is going to call another snap election any time soon.

I am afraid that I did not find myself altogether in sympathy with the mood of the House at the beginning of the debate on the humble Address last Wednesday. Given the manifest deficiencies in leadership and personal style displayed by the Prime Minister in recent months, I could scarcely credit the panegyric delivered by the noble Lord, Lord Forsyth—for whom I normally have the greatest admiration—in moving the Motion for an humble Address, to the obvious approbation of the House. He described the widespread criticism of the Prime Minister as "vile attacks". Really? By Matthew Parris, Michael Portillo and the noble Lord, Lord Patten? If I was Theresa May, I would think that the moment I received ringing endorsements such as that from the Tory grandees was the time I really needed to start worrying.

If one considers the colossal misjudgments of the last two Prime Ministers and the way that they threw everything up in the air, it is surely no longer possible

to sustain the pretence that the Conservative Party is self-evidently more effective than the Labour Party as a vehicle for governing the country. But I reckon that Theresa May is probably safe until the Conservative Party can make up its mind on what to do. Mind you, the DUP is a potentially dangerous wild card, and the tussle over Brexit is likely to get quite bloody.

It is remarkable how, out of millions of individual voting decisions, it is possible to distil a national mood—but a hung Parliament is probably a pretty fair reflection of it. For a change, there was a real choice, not just one between minute variants of a fundamentally consensual centre. People were obviously no longer willing to buy neoliberal austerity. They were attracted by the alternative that Labour offered, which was described as “hard left” but was in truth fairly standard social democracy, and somewhat less far-reaching than the manifesto on which the Attlee Government were elected. But people were hesitant about making a full-blooded commitment—hardly surprising in view of all the obloquy to which Labour was subjected.

I was not much in sympathy with the reaction of the House to Jeremy Corbyn, either—as much from his own side as from the Government's. He is obviously still regarded as beyond the pale of the narrow consensus of acceptable views around which the two main parties collude. But people should realise that the centre of gravity has shifted—in defiance of the political establishment, the media and the commentariat. It has taken some time for the worm to turn, but it is clear that people are no longer seduced by the supposed common sense of living within our means, which has underpinned the draconian regime to which they have been subjected since the crash. Labour has offered an alternative, but I wish it had done more to establish in people's consciousness the alternative common sense on which it will need to be sustained: borrow while interest rates are low and invest in infrastructure, thus giving people work, getting them off the dole and being productive, fuelling growth by spending and creating demand for consumer goods, and paying taxes and boosting receipts for the Exchequer.

What is the result of all this austerity? A great deal of personal misery to begin with. One in four children lives in poverty in the United Kingdom today, taking the total to 4 million. Food bank use continues to rise. The Trussell Trust gave out more than 1 million emergency supplies of food to people in crisis in 2016-17—and the Trussell Trust accounts for only half of all food banks. The social security system is increasingly inhuman and self-defeating. Tougher PIP criteria mean that people lose their Motability car and end up on the dole. People are sanctioned for unavoidably missing appointments. The film “I, Daniel Blake” is all too true to life. The iniquitous work capability assessment finds people fit to work who are patently unfit and who, coroners find, are taking their lives as a result. I could give many more examples, but there is no time.

All this misery, and we have not even balanced the books. These are not the results of idiosyncratic, ad hoc decisions; they are the result of conscious, strategic decision-making such as the decision to cut a further £12 billion from welfare, having already cut nearly

£20 billion in the last Parliament. Even more fundamentally, they are the result of a 40-year project to hollow out the public realm and systematically shrink the state back to 36% of GDP or less. Current spending is now just under 38%, with the 36% target reaffirmed in the March Budget to be reached in 2020. This means a level of public services far below comparable European countries—44% of GDP in Germany and 50% in Denmark.

The process is meticulously documented by Polly Toynbee and David Walker in their recent book *Dismembered: How the Attack on the State Harms Us All*. The NHS is in crisis, public services are in crisis and local services cannot cope. We know this from the Grenfell Tower fire, which is emblematic of all that is wrong. Local government, which provides many of these services, will have lost 60% of its funding by 2020. The election and the Grenfell Tower fire should serve as a wake-up call that we need to change course.

4.15 pm

The Lord Bishop of Durham: My Lords, perhaps I may add my welcome from these Benches to the noble Lord in his role as Minister. I also look forward to hearing the maiden speeches of the noble Lords, Lord Colgrain and Lord Mountevans, which will be made during this debate.

Since arriving in Durham, I have been struck that life feels more precarious for many in the north-east than it does elsewhere. There are lots of reasons for hope, not least the social regeneration in my home town of Bishop Auckland, but the sense of precariousness persists due to deep structural disadvantages that the region has faced for decades, even centuries. It is against this backdrop that some of the changes to welfare in the last Parliament felt particularly acute and remain of very deep concern. It is also against this backdrop that the uncertainty of the Brexit negotiation is felt. It was in part this day-to-day experience of powerlessness that led many to vote to exit the EU. It would be a betrayal of the people, especially the most needy, if living and working in the north-east becomes more rather than less precarious as a result of leaving the EU. I therefore welcome the fact that much of the gracious Speech indicates some awareness of this danger.

I want to reflect on three aspects. First, the gracious Speech includes a commitment that:

“Legislation will be introduced to ensure the United Kingdom remains a world leader in new industries, including electric cars”.

It will be no surprise to those who know the north-east that my ears perked up at “electric cars”. We have a proud history of manufacturing and the importance of the industry to the region needs to be prioritised in the Brexit negotiations. We must develop further decent technological education and training that leads to good jobs. This must include engaging with the challenges that the next generation of automation will pose to the livelihoods of people and communities in the north-east and across the country. The Church of England has already carried out some invaluable work on the economic and ethical implications of automation and artificial intelligence, and we look forward to working with the Government to ensure that this work is used to make sure that we develop an industrial strategy ready for the challenges and opportunities that these will pose.

[THE LORD BISHOP OF DURHAM]

Secondly, the gracious Speech included a commitment that:

“A new Bill will also be brought forward to deliver the next phase of high-speed rail”.

This will be between Birmingham and Crewe. A more interconnected country is to be welcomed. I would, however, like to repeat a proposal I made in the debate on the gracious Speech last year—that we start building HS2 from Newcastle as well. I worry that as long as we continue the approach of gradually moving north, we give the impression that the point of the project is to let the rest of the country share some of the benefits of London. If we think HS2 is truly for the benefit of the whole country, however, I encourage the Government to adopt a radically different approach. This must include serious investment in the whole of the rail network and the related infrastructure in and between every region. In Newton Aycliffe, the new Azuma trains are being built. It would be a tragedy if the region that builds the new trains does not benefit from them.

The rest of the country needs the north-east. We are a region that, despite uncertainties and higher levels of unemployment, is in many ways thriving and has plenty of untapped potential. Take our science and technology sector. The ONS finds that our life sciences and healthcare sector is the largest in England in population terms. Overall, this sector has 221,300 people working for more than 14,000 others. That puts us behind only the south-east and the east of England in this sector.

We also have enormous capacity for renewable energy, through water, wind and our dark skies. It is these kinds of opportunities that the industrial strategy must seize. Water, in rivers, lakes, reservoirs and seas, wind—onshore and offshore—and skies highlight the importance of integrating our environmental priorities within the industrial strategy. A humane and wholesome industrial strategy must be environmentally friendly and connect with a farming and food strategy.

I was glad to hear commitments in the gracious Speech on the national living wage, although I hope we go even further than promised to ensure that this is a truly living wage. I welcome the commitment to workplace rights and ending discrimination. I hope the latter will include ending discrimination that currently affects refugees. The ultimate point of the northern powerhouse must not be simple economic growth, but thriving communities.

As we discuss the details of these measures and the wider industrial strategy, we must strive to incentivise investment that serves the poorest and strengthens communities. This underlines the importance of faith groups and other parts of civil society being strongly included in discussions of industrial strategy. Many communities across the north-east and the wider country have had decades of experiencing politics as “being done to” rather than “working with”. As this Parliament considers Brexit, the industrial strategy and the northern powerhouse, we must engage people of all ages, including our children, in the debate. Each of these discussions is an opportunity to invite all people into the process of building a Britain that truly works for everyone in every part of the country for the generations to come.

4.21 pm

Baroness Neville-Rolfe (Con): My Lords, I start by congratulating my noble friend Lord Callanan on his very well deserved appointment as a Transport Minister. I am especially delighted to have taken over his office up in the eaves of the Palace, with vistas of Lambeth Palace and Westminster Abbey.

I start by welcoming the Queen's Speech and the determination it shows to turn Brexit into an opportunity. I am a strong believer in free trade—frankly, there are not enough of us—and I want Brexit to be used to transform us into a country that creates more businesses selling services and goods around the world. I put services first, including financial services, because services now represent more than 80% of our economy and must be given the right degree of priority. We need to keep the economy firing and, while I agree with the Minister that we need balanced growth across the UK, we need to keep London firing too: it contributes £34 billion in fiscal surplus for the rest of the UK.

When I was last on the Back Benches, I tried to focus on some key areas where I felt that business and the economy were missing out. The first was broadband and digital, mentioned by the noble Lord, Lord Fox. I found graphic examples everywhere of not-spots and the lack of internet holding business back—indeed, in my case, preventing my children coming to stay with me. The second was technical education. I know from my experience in Germany and in retail that our success in elite education in the UK is not matched in vocational training. I am grateful for the progress that has been made in both areas, but there is a lot more to do in terms of delivery.

Today, time is limited so I shall encourage action in three relatively small areas. As I learned at Tesco, “Every little helps”.

The first area is congestion. I want to make the case for early investment on transport pinch points. In the Autumn Statement, the Chancellor made £2.6 billion available for transport infrastructure. It is really good to see the automated and electric vehicles Bill in the Queen's Speech and to hear the right reverend Prelate the Bishop of Durham talking about it and about north-east innovation. In the spring Budget, it was announced that £690 million was being competitively allocated to get transport moving. Congestion is reducing this country's productivity—we fume in jams—not to mention seriously reducing our quality of life. As on broadband, I am collecting a list of the worst offenders: the A36 and A338 in Salisbury; Stonehenge, where I sat with the Glastonbury traffic this morning; Westminster Bridge; Stoke hospital; the A52 in Nottingham; and the A66/M6 at Penrith. I want lots of graphic examples, which I hope people will send me. We need to use the “roundabout fund” to improve our lives and reduce the appalling air pollution to which congestion gives rise. Perhaps the new Minister could consider putting an interactive map on GOV.UK and inviting everyone to contribute so that priorities can be decided quickly and the work actually done.

My second and related point—because these improvements could make more plots available—concerns housing. Frankly, housing is in crisis. We have to build many more homes and we need to build them in the

south-east as well as elsewhere. As the Minister hinted, this must be a key priority for the industrial strategy. We need innovative solutions, such as changes to planning rules and better training and skills—learning from the best. We need to look at loosening the financial rules and allowing local authorities to be more entrepreneurial, in addition to encouraging the private sector. We are building less than in the 1980s at a time when we have more demand for homes. Indeed, unless we act quickly, a whole generation will not be able to afford a house, let alone a garden.

Thirdly, turning to small business, I congratulate my noble friend Lord Prior on his reappointment. The Federation of Small Businesses has made a compelling case for driving down the cost of doing business and for tackling the poor payment culture. I urge Ministers to listen to it. I visited a small business in Darlington recently—not an entirely successful visit. It was run by a great couple but the range of cost increases they faced was making life torture. There was not only the national living wage but recycling costs and myriad pressures. Most troubling, they were already benefiting from the Government's rates exemption for small businesses. Their concerns remind one how important it is to have competitive tax rates for small businesses.

In closing, I ask my noble friend some questions that are important for small business. First, where are we on the implementation of the various legislative provisions on late payment? Secondly, when will the Small Business Commissioner start work? Thirdly, how and when will the Government deliver on the welcome promise on page 14 of the Conservative manifesto to,

“conduct a full review of the business rates system to make sure it is up to date for a world in which people increasingly shop online”?

The shift to online is changing the economy, changing how GDP should be measured and, most important of all, making life very difficult in our high streets, which are so important for cohesive and prosperous communities.

Progress does not depend just on the big battalions and solving the biggest problems. Our economy is complicated and sophisticated. We need action in many areas and we need it now.

4.27 pm

Lord Hain (Lab): My Lords, is it not a delight for the House that the noble Baroness has found her compellingly persuasive voice on the Back Benches? I welcome her to them. I also praise the brilliant speech of the noble Lord, Lord Low, which I hope speaks for everybody in this House.

The economy is not strong and stable but in deep trouble. It has been losing momentum for three consecutive years, and we now share bottom place with Italy in the G7 growth league. Even Greece is forecast to grow faster than Britain next year. Slower economic growth means lower tax revenues and higher government borrowing. The OBR expects borrowing this year to be higher, not lower, than last year and the budget still to be in deficit by the time of the general election in 2022. Over the next five years, the number of people aged 65 or over will increase three times as quickly as

the population as a whole. Slow growth makes meeting the challenges of an ageing population even tougher—be it their health, social care or pension needs.

If the Government pursue their stated aim of cutting net immigration to the tens of thousands, it will hold back growth even further by reducing the supply of labour and aggravating skills shortages. The respected economist Jonathan Portes estimates that that alone would mean £6 billion more in taxes, public spending cuts or government borrowing.

Seven years of austerity, the Institute for Fiscal Studies reckons, have meant that UK average incomes in real terms are now 15% below where the 1961 to 2008 growth trend would have taken them. Living standards will certainly fall this year, with prices rising faster than pay and inequality rising. In real terms, pay is set to plummet, with earnings in 2022 no higher than they were in 2007, making this the worst decade for pay growth since before the Battle of Waterloo.

Oxford economist Simon Wren-Lewis estimates that austerity may cost the average household a colossal £23,000 per year in lost income by 2019-20—and there is still no end in sight to austerity, which began so catastrophically and so needlessly under George Osborne in 2010. This Government are now planning another tight fiscal squeeze up to 2019-20, hitting the poorest the hardest of all. According to the Institute for Fiscal Studies, the Tory manifesto means that the severest squeeze on the NHS since it was founded will be extended to 12 years. The Tories also now have the shrinking of school budgets in their sights.

In the private sector, big business is spending its cash mountain on company share buybacks instead of investing in the future, while the commercial property market seems to be at a standstill. Consumer confidence is down and consumer debt up, with more than 3 million people in persistent credit card debt. Last year alone, UK households borrowed a record £32 billion to buy cars, with 90% of private buyers using personal contract plans. That borrowing figure is forecast to exceed £40 billion this year. The Financial Conduct Authority now fears that banks might be hit by a sudden rise in car loan arrears, hitting car sales and hence wider economic growth.

Ten years ago, under Labour, £1 bought \$2. Last June it bought \$1.50. Now it is worth only \$1.30—its lowest level for 30 years. Yet Britain's foreign trade balance has worsened over the past year, not improved. We have a record trade deficit and we are about to leave the biggest, richest single trading bloc in the world on terms that nobody can foresee. UK productivity today is terrible, lagging far behind our key trading partners in Europe and America. This is not helped by the fact that 5 million adults—a sixth of our employed labour force—lack basic literacy and numeracy skills.

The Institute for Fiscal Studies reckons that there are more than 3 million frustrated workers: those who work part time but want a full-time job, plus those who are economically inactive but want to work. This is especially true in the regions outside London. The economics editor of Sky News, Ed Conway, recently argued that Britain's tax burden will have to go up. Certainly we need to tax both property and income wealth more fairly.

[LORD HAIN]

Grenfell Tower is surely a clarion cry for a clean break with austerity. As the *Observer* eloquently explained in an editorial on 18 June:

“But this is more than a story of a benign state being hacked at by funding cuts and deregulation. Grenfell has peeled away the layers, to reveal an unaccountable, distant state, sheltering behind arm’s-length bodies to which it has subcontracted its most fundamental responsibilities for keeping people safe ... It is hard to escape the conclusion that they fell victim to a culture shaped by indifference to the less well-off; that extols the virtues of the market over the positive role of the state; that scorns expertise and regulation and cuts corners in the name of trimming budgets. It should shame us all”.

Savage cuts and the shrinking of the state must stop. Some of our public services are dangerously close to collapse. It is time to invest in growth and end austerity, and to bring the public finances back into balance—and growth, not austerity, is the best way to do that.

European Council Statement

4.35 pm

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, with the leave of the House, I shall now repeat a Statement made in another place by my right honourable friend the Prime Minister. The Statement is as follows:

“With permission, Mr Speaker, I would like to make a Statement on last week’s European Council, and on the proposals we are publishing today, which, on a reciprocal basis, seek to give reassurance and certainty to EU citizens who have made their homes and lives in our country.

This Council followed the formal start of the negotiations for the United Kingdom’s departure from the EU, as well as marking the first anniversary of the referendum that led to that decision. In that referendum, the British people chose to take back control of our laws, our money and our borders, to restore supremacy to this Parliament and to reclaim our sense of national self-determination, and this Government will fulfil the democratic will of the British people.

But the referendum was not a vote to turn our backs on our friends and neighbours. Indeed, as we become ever more internationalist in our outlook, and as we build the global Britain we want to see, we will continue to be reliable partners, willing allies and close friends with all the member states of the European Union. We want to work with one another to make sure that we are all safer, more secure and more prosperous through our continued friendship. We want to buy each other’s goods and services and trade as freely as possible. We will continue to celebrate and defend the liberal democratic values that we share, and to project those values that are the foundation of our freedoms and our way of life. In short, we want to build what I have described as a new, deep and special partnership between a confident, self-governing, global Britain and all our friends and allies in the European Union.

That is the positive and constructive spirit in which my right honourable friend the Secretary of State for Exiting the European Union began the formal negotiations last week, and it is the same spirit in which the United

Kingdom made a full contribution to all the issues at this Council, including on security, migration, climate change and trade.

On security, I thanked our European partners for their condolences and for their resolve in standing with us following the appalling terrorist attacks that the UK has suffered in recent weeks. Those attacks have seen citizens from across Europe tragically killed and injured, but they have also seen our citizens standing together in some of the most inspiring ways. At London Bridge, we saw a Spanish banker tragically killed as he rushed to the aid of a woman being attacked, and we saw a Romanian baker fighting off the terrorists and giving shelter to Londoners in his bakery. These moments of heroism show how, far from dividing us, such attacks on our way of life will only ever serve to strengthen our shared unity and resolve.

But these attacks also show that we need to respond to a new trend in the threat we face, as terrorism breeds terrorism and perpetrators are inspired to attack by copying one another using the crudest of means. So, building on the bilateral agreement I reached with President Macron earlier this month, at this Council I argued that we must come together to defeat the hateful and extremist ideologies that inspire these attacks, and to stop the internet being used as a safe space for extremists. When one-third of all links to Daesh propaganda are shared within the first hour of release, it is not enough for technology companies to respond reactively to extremist content on their platforms. So the Council agreed to put pressure on these companies to do more to remove this content automatically, and also to ensure that law enforcement agencies can access encrypted data. This was a significant step forward. We will continue to work together with our European partners to combat this evil, to defend our values and to keep our citizens safe.

Turning to other issues, on migration, the Council recommitted to the comprehensive approach that the UK has advocated, dealing with the drivers of migration while also doing more to stem the flow. At the summit, I confirmed a new UK commitment of £75 million to meet urgent humanitarian needs in the central Mediterranean, while also facilitating voluntary returns of migrants making these treacherous journeys.

On trade, as the UK leaves the European Union we will be forging trade deals around the world with old friends and new allies alike, but this will not undermine the EU’s trade agenda; it is not even in competition with it. So for as long as we remain part of the EU, we will continue to press for an ambitious trade agenda that can deliver jobs and growth across the continent. That is what I did at this Council, where there was a particular focus on work towards deals with Japan, Mexico and the Mercosur bloc of South American countries.

On climate change, the Council reaffirmed the commitment of all member states fully to implement the Paris agreement. The UK has already reaffirmed its own commitment, and I have expressed my disappointment to President Trump that he has taken a different decision. We will continue to make the case to our American allies to think again.

Turning to citizens' rights, EU citizens make an invaluable contribution to our United Kingdom: to our economy, our public services and our everyday lives. They are an integral part of the economic, cultural and social fabric of our country, and I have always been clear that I want to protect their rights. That is why I initially sought an agreement on this before we triggered Article 50, and it is why I am making it an immediate priority at the beginning of the negotiations.

But that agreement must be reciprocal because we must protect the rights of UK citizens living in EU member states, too. At the Council, I set out some of the principles that I believe should underlie that reciprocal agreement, and there was a very positive response from individual leaders and a strong sense of mutual good will in trying to reach such an agreement as soon as possible. So today, we are publishing detailed proposals to do exactly that. Let me set out the key points for the House.

First, we want certainty. I know there has been some anxiety about what would happen to EU citizens at the point we leave the European Union. Today, I want to put that anxiety to rest. I want to completely reassure people that under these plans no EU citizen currently in the UK lawfully will be asked to leave at the point the UK leaves the EU. We want you to stay.

Secondly, any EU citizen in the UK with five years' continuous residence at a specified cut-off date will be granted settled status. They will be treated as if they were UK citizens for healthcare, education, benefits and pensions, while any EU citizens with less than five years' residence who have arrived before the specified cut-off date will be able to stay until they have the five years' residence to apply for UK settled status.

Thirdly, the specified cut-off date will be the subject of discussions, but it will be no earlier than the date we triggered Article 50 and no later than the date we leave the EU.

Fourthly, no families will be split up. Family dependants who join a qualifying EU citizen here before the UK's exit will be able to apply for settled status after five years. After the UK has left the European Union, EU citizens with settled status will be able to bring family members from overseas on the same terms as British nationals.

Fifthly, there will be no cliff edge: there will be a grace period of up to two years to allow people to regularise their status. Those EU citizens who arrived in the UK after the specified cut-off date will be allowed to remain in the UK for at least a temporary period, and may still become eligible to settle permanently.

Sixthly, the system of registration that citizens go through will be as streamlined and light touch as possible, and we intend to remove some of the technical requirements currently needed to obtain permanent residence under EU rules. For example, we will not require anyone to demonstrate that they have held comprehensive sickness insurance.

Seventhly, we expect this offer to be extended on a reciprocal basis to nationals of Norway, Iceland, Liechtenstein and Switzerland. The reciprocal agreement on citizens' rights will apply to the entire United Kingdom and Gibraltar.

Eighthly, this is all without prejudice to the common travel area arrangements that exist between the UK and Ireland. We will preserve the freedoms that UK and Irish nationals currently enjoy in each others' states, and Irish citizens will not need to apply for permanent residence to protect these entitlements.

Finally, the UK will continue to export and uprate the UK state pension and provide associated healthcare cover within the EU. We will continue to protect the export of other benefits and associated healthcare cover where the individual is in receipt of those benefits on the specified cut-off date. Subject to negotiations, we want to continue participating in the European health insurance card scheme, so that UK card-holders can continue to benefit from free or reduced-cost healthcare while on a temporary stay in the EU, and vice versa for EU card-holders visiting the UK.

This is a fair and serious offer. Our obligations in the withdrawal treaty with the EU will be binding on the UK as a matter of international law, and we will incorporate commitments into UK law guaranteeing that we will stand firmly by our part of the deal. So our offer will give those 3 million EU citizens in the UK certainty about the future of their lives, and a reciprocal agreement will provide the same certainty for the more than 1 million UK citizens who are living in the EU.

One year on from that momentous decision to leave the EU, let us remember what we are seeking to achieve with these negotiations. We are withdrawing from a system of treaties and bureaucracy that does not work for us, but we are not withdrawing from the values and solidarity that we share with our European neighbours.

As a confident, outward-looking and self-governing nation, we know that it is not just our past that is intertwined in the fortunes of our friends and neighbours; it is our future, too. That is why we want a new, deep and special partnership and it is why we approach these negotiations with optimism, because a good deal for Britain and a good deal for Europe are not competing alternatives. They are the best single path to a brighter future for all our children and grandchildren. That, I believe, is the future that the British people voted for, and that is the future I want us to secure. I commend this Statement to the House".

4.46 pm

Baroness Smith of Basildon (Lab): My Lords, I thank the noble Baroness for repeating the Statement. The European Council focused on work being undertaken across the EU to protect its citizens in counterterrorism, security and defence, external borders and illegal migration, and economic development. These are clearly issues on which co-operation at the highest levels is essential and a key priority for the EU. It must be hard for the Prime Minister at such Council meetings, because although on those specific issues our priorities are shared, this country's priority is not how EU members tackle those together in the future. A quick glance at the Government's programme in the Queen's Speech shows that they are going to be preoccupied with Brexit throughout this Session, so I am a bit curious about the Prime Minister's role at these summits. Our

[BARONESS SMITH OF BASILDON]

joint work across the EU, on which the UK has taken a lead, on tackling serious and organised crime, including terrorism, is essential. We share common goals, and in order to be effective we must have joint responsibility. However, as the EU discusses future work, it is our priority—and this will take the attention of our Prime Minister—not to be part of that work.

Given the seriousness of those issues, what was the Prime Minister able to say to the Council meeting on both defence and security about the UK response and responsibilities? Specifically, did she take part in discussions on the improvements of the European travel and authorisation system to enhance external border controls? Will that be taken into account in discussions about how to manage the border with Ireland to ensure that there are no changes from the current position? At the weekend, in a TV interview that others may have seen, the Brexit Secretary made some suggestions about how that could be managed. I have to say that he sounded unconvincing, even to himself. He should understand the need for clarity on this issue as soon as possible, but instead he spoke about issues such as monitors on cars and number plate recognition. The Irish border is not like the Dartford tunnel. This has to be resolved as a matter of urgency.

I want to pick up the issue of digital Europe. Is it not something of an irony that while the European Council was discussing an overarching approach to digital issues, including cybersecurity, our own parliamentary network was under sustained attack? I think the whole House will want to thank all our staff who have sought to resolve the problem and assist colleagues. Given that the digital economy knows no physical boundaries, and that UK exports of services are an important growth area of our economy, I would be interested to know what contributions the Prime Minister was able to make on this specific issue.

There was considerable discussion at the Council of the single market and trade, recognising the benefits and addressing areas where improvements are needed. One of the issues discussed was the European Fund for Strategic Investments. In the Council's conclusions there is a call for rapid agreement on the extension and reinforcement of that fund.

That fund has provided £184 million for the northern powerhouse investment fund. I know that the noble Baroness and the Prime Minister have previously been clear that we are in until we are out and that we remain a full and functioning member of the EU until Brexit negotiations are concluded. Given the importance of that particular investment, can the noble Baroness assure us that no part of it will be lost to Brexit, and what advice would she give regarding further applications to the fund from the UK?

Turning to EU agencies, the background note stated that the EU 27 were to agree the procedure regarding the relocation of the European Medicines Agency and the European Banking Authority from the UK as a consequence of Brexit. There are several issues to be addressed. I understand why the EU has pushed the decision on relocation back to November, but for the UK these issues are live and need to be addressed now. I understand that more than 1,000 staff are employed

in those two agencies. Can the noble Baroness confirm that? Do the Government know how many UK staff are employed by other EU agencies and the status of their position?

Outside the EU, we will need mechanisms, organisations or quangos to undertake the functions of those bodies and the other EU agencies of which we will no longer be part. We are all aware of the significant public safety issues that can arise and the economic implications that flow from effective regulation. Has any estimate been made of the cost involved in establishing new structures or agencies, what form they will take and how long it will be before we set them up? If we look at the European Medicines Agency alone and the importance of pharmaceuticals to public health and the economy, surely the Government must have a plan in place to address those issues. I think particularly of pharmaceutical companies, which currently invest significant amounts in research and development here in the UK because they want access to those European markets. Can the noble Baroness share the Government's initial thinking on this issue with us?

Finally, we come to the point about certainty for EU and UK nationals. From the background notes to the Council meeting, it is clear that there was a short space at the end of the dinner on Thursday and before the session for the rest of the EU members on Brexit where the PM had the opportunity to “inform the leaders” about Brexit negotiations. As predicted, this issue has caused tensions. I have not yet had time, as I am sure other noble Lords have not, to digest all the implications of the new documents, but others across the EU apparently do not share the PM's confidence that there was a “very positive” response. Reading the comments of other leaders, I would describe them as being underwhelmed but clearly open to further discussion.

I have had a brief look at the document. It seems quite complicated, and I am grateful to the noble Baroness for reading out some of the details. It seems that the Government have now come round to the idea of an identity card, although I am not clear exactly how it will work when the only people who will carry them are EU nationals residing in the UK. The noble Baroness talked about a light-touch approach, but it seems grossly inefficient and disrespectful that 180,000 people who have applied for permanent residency will now have to apply again under the new system. Surely there is a better way to resolve that for those people.

I also understand that under the new arrangements there will have to be an assessment of conduct and criminality. Is the noble Baroness sure that all those can be undertaken within the two years between now and the exit from the EU? If some of them will be undertaken later, what guarantees have been made about access to EU databases so that the accuracy of that information can be checked?

We are talking about citizens from the other 27 EU countries living in the UK whose rights we seek to protect. There are also UK citizens living across the other 27 countries, many of whom have reacted with dismay to the Prime Minister's comments. But there is also a third group. There are about 60 million UK citizens living here in the UK who will also have their rights affected. All these discussions focus on the

rights of those who are already established here in the UK, or on UK citizens already living and working in one of the other 27 countries. But the future impact on UK citizens who want to travel, live and work abroad must also be addressed. Will they need visas? Will they need work permits? The Select Committee report on acquired rights is very helpful on some of these issues.

When your Lordships' House agreed to the amendments on the Article 50 Bill, by a majority of 102, to protect the rights of EU citizens, it was not because we were being difficult or, as some claimed, trying to oppose Brexit. It was precisely because we recognised, as did the Select Committee report, that this is a difficult issue, and resolving it in a simple and straightforward way would not only give certainty but would ensure negotiations to proceed on key issues in a better tone and a better atmosphere.

The Government worked hard to make sure that that amendment was not agreed by the House of Commons. There were meetings at Downing Street and promises were made that this would be resolved quickly as an early priority, all in pursuit of a so-called clean Bill. I have to say that I wonder whether this House would vote the same way on that amendment.

As we have heard, nothing will be agreed until everything is agreed, so meanwhile there is a twilight zone of uncertainty for many. That is already having an impact. We have heard from the Nursing and Midwifery Council that there has been a 96% reduction in the number of nurses from the EU registering to work in the UK since the referendum. How many of our citizens have lost out on work in the EU?

The new editor of the *Evening Standard* said that all Cabinet Ministers backed David Cameron in wanting to address this issue immediately after the referendum result, but the then Home Secretary, now the Prime Minister, held out against it. Perhaps the EU's proposal should have been used as a starting point for the Prime Minister to try to resolve these issues.

Finally, I appreciate that these issues are difficult for the Prime Minister. I was struck by President Tusk's comments at the end of the Council meeting. He said:

"Brexit took up very little time at this European Council. We devoted most of our work to addressing people's concerns over security, illegal migration and uncontrolled globalisation".

These are the concerns of citizens everywhere, and a challenge for the Prime Minister is to make sure that these issues, plus jobs and the economy, remain at the top of our agenda for the UK while she negotiates Brexit.

Lord Newby (LD): My Lords, I too thank the noble Baroness the Leader of the House for repeating the Statement. The two principal issues debated at the Council that are of relevance to the UK were, first, security and, secondly, citizens' rights.

On security, the Prime Minister rather patted herself on the back that she had taken the lead in having had discussions with President Macron and then, at the Council itself, in moving the technology companies to responding more effectively to extremist content. It is clear that whatever happens over the coming months in respect of the technology companies, the area of security, which faces the whole of Europe, will not

become less of a priority or less of a concern. My question for the Government is: what plans do they have to have a continuing voice on European discussions on security? They will not be at the EU table. Will they put proposals to the EU about how they will have a continuing voice in European security discussions? If we lose that voice it will undoubtedly be the case that the UK will be less secure.

The biggest area of interest for the UK, not so much in the summit but subsequently, is around citizens' rights. We have now seen the Government's paper. As the noble Baroness, Lady Smith, pointed out, when your Lordships' House debated this issue four months ago, it took the view that the UK should unilaterally guarantee the rights of EU citizens in the UK. We on these Benches continue to believe that the Government should unilaterally guarantee EU nationals the right to stay in the UK now. It is to be regretted that it has taken so long for the Government to attempt to provide any certainty about their future status. The very fact that the Government have today announced a series of issues and proposals that are dependent on reciprocal decisions by the EU means that there is still no certainty or clarity for EU citizens living in this country.

I turn to some of the specific proposals in the Government's document today. First, there is still no specified cut-off date. Can the Leader of the House explain why the Government have left that open and, in doing so, extended the uncertainty of people who are thinking about whether they might come from the EU to the UK at some point over the next couple of years, when they could have made a decision to specify the date today? At what point and by what process do the Government plan to announce a cut-off date?

Secondly, it is not clear how long the application process for residence status will take. We know about the huge backlogs in dealing with such questions at the moment. Do the Government plan to resource the relevant agencies properly so that applications, albeit in their cut-down form, can be dealt with speedily? What assessment have the Government made of how many EU citizens currently resident in the UK will need to apply for the new residence status?

The Government talk about avoiding a cliff edge at the point at which EU citizens cease to be able to settle freely in the UK, and propose a two-year period during which there will be a generic umbrella of temporary leave to remain. Do the two years apply to the period during which EU citizens must apply for residence status, or do the Government envisage that we will have processed all requests for residence status within the two years—and, indeed, that everybody wishing to achieve that status will need to have achieved it by the end of the two-year period?

The document states:

"Obtaining settled status will be subject to meeting certain requirements. The eligibility criteria will be set out in UK law".

Could the Leader of the House give some further idea of what sort of requirements are envisaged? Will the UK law referred to be in primary or secondary legislation? Is this what is envisaged to be covered in the new immigration Bill and, if so, when do the Government plan to publish that Bill?

[LORD NEWBY]

Finally, to take up another point mentioned by the noble Baroness, Lady Smith, today's documents states that:

"Obtaining documentation showing their settled status will enable EU citizens resident here to carry on living here lawfully". But it then states about that documentation:

"The Home Office may also need to capture evidence of EU citizens' biometric information during the application process". That raises concerns that what is being proposed is ID cards just for EU nationals with settled status. Can the Government guarantee that this new status will not require EU nationals who receive it to carry documentation signalling their status and this will not amount to an ID card? If there were to be some kind of ID card, could the Leader of the House set out how much the Government would expect such a policy might cost and how they might expect it to work—particularly given that it would result in only a small minority of those living in the UK being required to carry such cards?

This Statement and the policy paper begin to answer the many questions that EU citizens have about their future status in the UK, but it leaves many unanswered. The Government need to answer those questions quickly to bring about the certainty that they claim to seek.

Baroness Evans of Bowes Park: My Lords, I am grateful to the noble Baroness and the noble Lord for their comments today. As I said, this Council is the first to follow the formal start of negotiations for our departure from the EU, and it shows that we will continue to play a full part in Europe as reliable partners and as friends and neighbours.

The noble Lord and the noble Baroness asked about the Prime Minister's involvement in the summit. As the Prime Minister made clear in the Statement, she led on the discussion on internal security and tackling online extremism, which built on discussions that she had had bilaterally with President Macron—and, of course, also complements work that has been done with the G7 and which will be pushed within the G20. We will obviously need to work with our EU partners on how we have a continuing voice in these discussions at an EU level, but it is clear that we have a voice at a global one. We are a member of a variety of institutions and organisations in which we will continue to play a key role. It is also clear that we have very strong expertise and knowledge in this area. Our EU partners value this and we want to continue to work together to make sure we can all benefit from joint communication and collaboration. As the negotiations continue it will become clear that that is as much in our interests as it is in those of our EU partners.

The noble Baroness asked about defence. The Prime Minister made it very clear that the UK supports the development of capabilities, such as the European action plan and European defence fund, which contribute to our collective resilience and our ability to combat shared threats. We must continue to create a genuine internal defence market, not a protectionist one, and we will continue to work with the EU to achieve that. I do not have the information to hand to answer the noble Baroness's questions about the number of employees in agencies and relocation, but I will write to her with

it. The Prime Minister welcomed the recent progress made across the EU on delivering the digital single market strategy and we want to continue that work. We have been clear in our support of the letter on the joint digital initiative and welcome the Commission's plan to introduce a legislative proposal to prevent unjustified data localisation.

The noble Baroness asked about the Northern Irish and Irish border. She will know that we agreed, in the first negotiation last week, that there will be regular and technical talks. There was a very early emphasis on four key issues: the rights of citizens is one but that border is another. We are absolutely determined to try to move those discussions on as quickly as we can.

The noble Lord and the noble Baroness asked a number of questions about the paper on EU citizens. Once we exit, we will be asking EU citizens to have a new status and document. I am not saying it will be an ID card—we have not discussed in detail what it will be—but it is true that there will be new documentation. We will be asking EU citizens to apply to the Home Office for this documentation demonstrating their new settled status in due course, in line with what most nationals in the EU currently do. As I also said in the Statement, the reaction from EU leaders was broadly positive and this is a good basis for discussion. The fact that we have published such a detailed proposal shows the seriousness with which we are taking this issue. Noble Lords have discussed it at great length and we have had a lot of passionate debate about it. The fact that we have come out early and now have a detailed document as a starting point shows the seriousness with which we also take the issue.

The noble Lord, Lord Newby, asked about the specified cut-off date. This will be a matter for negotiation and, as I said previously, we made it clear that this will be an early priority. He also asked about the legal basis. We want to see the outcome of our negotiation with the EU on citizens' rights included in the withdrawal treaty. This will be binding on the EU 27 under EU law and on the UK as a matter of international law. Rights will be enforceable in the UK legal system up to and including the Supreme Court. The new immigration Bill will be about setting out our future system and we will be bringing forward proposals before that, later in the year.

5.08 pm

Lord Howell of Guildford (Con): My Lords, there is much in this Statement to welcome and be reassured about. It is also right that we focus on terrorism and cyberattacks—about which your Lordships' House knows a bit today—as these are the clear priorities of the age. It is worth remembering that they are global as well as European and can be settled only in a global context, not just in a European one. Does the Minister agree that one aspect in which this Statement is particularly welcome is that it uses throughout the phrase, "seeking agreement" in our deep and special relationship with our European neighbours? Does she agree that "agreement" is a much better word to use as we approach the months of difficult negotiation ahead and that we should try to adhere to this practice rather than return to the "deal", which has a more antagonistic tone about it?

Baroness Evans of Bowes Park: My noble friend makes a very good point. Certainly, the initial discussions were positive. We are both starting to identify our priorities. We all want to achieve the best possible outcome and the strongest possible partnership, one that works for the UK and the EU. Now that we are around the negotiating table, that is what we will all be working for.

Lord Lester of Herne Hill (LD): Will the Leader of the House confirm that what I am about to say is accurate? Everyone in this House has two citizenships—one is normally United Kingdom citizenship and the other European citizenship. European citizenship is conferred by the treaty of Maastricht and the rights it confers are enforceable and protected by the European Court of Justice. Therefore, my first question is: if that is right, does my doctor, who is a German living in this country, have European citizenship rights protected by the European Court of Justice? My second question is: what about people like me, who are British citizens and European citizens under the treaty of Maastricht? The Government cannot take away the rights of EU nationals under the treaty of Maastricht, which are protected by the Luxembourg court. However, do they intend that British citizens will be in a worse position as we will no longer be protected by the European Court of Justice and will not have the rights conferred by the treaty of Maastricht?

Baroness Evans of Bowes Park: I believe that our legal system is second to none and we should be very proud of it. The proposed agreements will be enshrined in UK law and enforceable through the UK judicial system, up to and including the Supreme Court. We are also ready to make commitments in the withdrawal agreement which will have the status of international law. We will discuss with the EU how to ensure that UK nationals in the EU will be able to rely on their rights that are agreed.

Viscount Hailsham (Con): My Lords, I welcome the Statement, which contained some very important principles on citizens' rights. However, will my noble friend confirm that the actual outcome will depend upon negotiation, and therefore it is rather important not to set out any premature red lines? Furthermore, we must be imaginative in trying to resolve differences. For example, with regard to judicial supervision of the ultimate rights, surely we should contemplate the possibility of EU judges sitting alongside UK judges in British courts or tribunals in appropriate cases.

Baroness Evans of Bowes Park: I thank my noble friend. The Government believe that we have set out a fair and serious offer. We have put a detailed proposal forward which will now be for negotiation. The next round of negotiation and discussion begins next month. We now have a fair and serious offer with which to begin our discussions.

Baroness Ludford (LD): My Lords, the noble Baroness was keen to say that the residence documentation that EU citizens will be required to hold is not an ID card but a residence card backed by a biometric database. If and when EU citizens say that it is discriminatory to

require them to hold ID cards, does this herald the backdoor introduction of a national ID card scheme, which was one of the issues which caused Secretary of State David Davis to resign in 2008, calling it an, "insidious and relentless erosion of civil liberties"?

Baroness Evans of Bowes Park: I have been pretty clear that we have said that once we leave the EU there will need to be a new settled status and documentation. I have been very clear as well that we have not specified exactly what that will be. However, I am sure that everyone will be pleased to know that the administration of the system will be streamlined and as user-friendly as possible, and that we intend to improve the process and remove some of the technical requirements currently needed to obtain permanent residence under EU rules, such as not requiring anyone to demonstrate that they have held comprehensive sickness insurance.

The Earl of Clancarty (CB): My Lords, with reference to the comments made by the noble Baroness, Lady Smith, Belgian MEP Guy Verhofstadt has suggested an associate membership for any UK citizen who wishes to retain a European passport to travel, work and study abroad. Can that membership be considered as part of future discussions?

Baroness Evans of Bowes Park: As I have said, we have put together what we believe is a fair and serious offer, and we are beginning the negotiations on that basis.

Lord Lansley (Con): My Lords, the Prime Minister has said that Britons who live elsewhere and are pensioners at the specified cut-off date will, as at present, have access to healthcare elsewhere in Europe after we leave the European Union. Are we therefore to infer from that that those who live elsewhere in Europe and become pensioners after the specified cut-off date will lose access to UK-funded healthcare; and that people who move elsewhere in Europe after the specified cut-off date, even though they are pensioners, will not have access to healthcare? On the European health insurance card, can my noble friend explain the rationale for the British taxpayer funding health insurance after we leave the European Union for a family that visits France but not for a family that visits Florida?

Baroness Evans of Bowes Park: We intend to treat EU citizens with settled status in the same way as if they were UK citizens for the purpose of not just healthcare but education, benefits and pensions, and we intend to protect the current healthcare arrangements for EU citizens who are ordinarily resident in the UK before the specified date. We will also continue to export and uprate the state pension and provide associated healthcare cover within the EU. We want, subject to negotiations, to continue to participate in the European health insurance card scheme, and we will try to achieve that.

Baroness Coussins (CB): My Lords, will the noble Baroness agree that when it comes to jobs requiring foreign language skills, the UK is highly dependent on other EU nationals? For example, over a third of public service interpreters who work in the National

[BARONESS COUSSINS]

Health Service and the criminal justice system are from other EU countries, as are 35% of language teachers and 85% of language assistants in our schools. Therefore, while the possibility that EU nationals already here might now be able to remain is welcome, does the noble Baroness agree that future recruitment of EU citizens needed for their language skills also needs to be safeguarded and prioritised through whatever new immigration regime emerges from these negotiations?

Baroness Evans of Bowes Park: I know that this issue is very dear to the noble Baroness's heart and to many of us in this House. Of course, we want to continue to attract the bright and the best. As I mentioned, later on there will be plenty of opportunity for noble Lords to discuss the future immigration system, which her question alludes to. It will of course be implemented in primary legislation, so there will be plenty of opportunities for noble Lords to have an input. We also want and intend to continue to recognise professional qualifications obtained in the EU 27 prior to the UK's withdrawal from the EU and vice versa. We will certainly keep those issues in mind, because we want to ensure that we continue to attract the bright and the best from the EU.

Lord Cormack (Con): My Lords, if, as my noble friend said—I welcome it—we want to recognise the special status of EU citizens resident in this country, what is the overwhelming argument against what this House decided it wanted, by a large majority: namely, a unilateral declaration, where we take the moral high ground and give these rights, and hope very much that they will be reciprocated? Why cannot we begin the negotiations by taking control and putting this issue behind us?

Baroness Evans of Bowes Park: As my noble friend will know, we have said that we need to ensure reciprocal rights.

Lord Cashman (Lab): My Lords, is the noble Baroness aware, as I am from several emails, of families of joint EU nationals whose lives are being directly affected by this? We could move very swiftly to guarantee our citizens' and EU citizens' rights by remaining within the single market and reinforcing the conditionality of freedom of movement.

Baroness Evans of Bowes Park: As I said, we believe that this is a fair and serious offer. It is one that we want to implement because we want to provide as much certainty as we can to the 3 million EU citizens in the UK and to the 1 million UK nationals in the EU, and that is what we are working towards.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend not feel that she is in a no-win position? On the one hand, people are saying that she ought to make a unilateral declaration and abandon the rights of British citizens living in Europe; on the other, she is being told that it is wrong to put forward red lines at this stage in the negotiations.

Baroness Evans of Bowes Park: I thank my noble friend. As I said, we are taking this matter extremely seriously and it is one of the first issues that we have raised in the negotiations. We have put forward a comprehensive offer and look forward to discussions. As I said, our partners in the EU are keen to sort out this issue as soon as possible, as are we, and this is a starting point from which we hope to begin detailed discussions next month.

Lord Higgins (Con): My Lords, the Brexit Secretary has stressed that in the negotiations nothing is agreed until everything is agreed. Does that not mean that on some issues there will be so much delay that particular interests, whether individual citizens or financial institutions, will take action ahead of any agreement and may, for example, have already left the United Kingdom?

Baroness Evans of Bowes Park: My noble friend raises an important issue and that is why we are trying to discuss this matter at a very early stage. We want to see whether, with the EU, we can come forward with proposals that give people the certainty they want, and we believe that we have put forward a fair and serious offer to begin those discussions.

Lord Wallace of Saltaire (LD): Are the Government considering extending the new proposal for some form of identification card for immigrants from the EU to the majority of immigrants to this country who come from outside the EU? Will that be in the forthcoming immigration Bill? It seems rather illogical to introduce this sort of scheme for people moving to this country from inside the EU but not for the majority of immigrants who, every year since we have worried about immigration, come from the rest of the world. Therefore, would it not be appropriate for the Government to propose a general scheme for foreigners within Britain—perhaps under something called the "Aliens Act"?

Baroness Evans of Bowes Park: As I said, we will bring forward proposals for a future immigration scheme in due course.

Baroness Rawlings (Con): My Lords, the Leader of the House has talked about a fair and serious offer. Having mentioned the medicines agency and the financial agency, have the Government had any discussions about patenting law?

Baroness Evans of Bowes Park: I am afraid I will have to get back to my noble friend as I do not know the answer to that question.

Baroness Hamwee (LD): My Lords, the noble Baroness talks about a fair and serious offer but it is not heard in that way by those affected. Is she aware of the number of EU citizens who are now leaving this country because they feel unwelcome and because they feel that, if they do not get back to their country of origin, they may lose the opportunity of finding work there? For them, settling this is a very urgent matter.

Baroness Evans of Bowes Park: I am very well aware of the issues that concern many people and of the anxiety felt by some. That is why we have brought forward these proposals urgently; it is why we have been very clear that under the plans we would like to bring forward no EU citizen who is currently in the UK lawfully will be asked to leave; it is why the Statement makes it very clear that we do not want families to break up; and it is why we have brought this proposal forward at this point and why we will be attempting to get an early agreement.

Baroness Young of Old Scone (Lab): Is this issue representative of the way the Government are going to conduct these negotiations as a whole? I was very taken by the point made about the potential for people and businesses to take action and vote with their feet in the absence of a clear commitment on this issue. I must admit that I find that to be true in respect of other issues that will be part of the negotiations.

There are two points that I should like the noble Baroness to respond to. First, if we keep going round in circles saying that this “might” be the proposition but it depends on the other side coming up with something sensible, we will potentially never resolve anything. Secondly, in spite of the way that the Conservative Party has been trying to portray the Brexit vote, it was quite marginal. The reality is that we are a deeply riven country. When will the Government come forward with a proposal to deal with the issues in the negotiations that includes wide, involving engagement with opinion formers, decision-makers and the public of this country, before they go to Europe with a proposition? At the moment, it feels as though the Government open the black box and let us peer in, then ask, “What do you think of that?”. We all say it is terrible and then they shut the box and the issue remains unresolved.

Baroness Evans of Bowes Park: Over the past year, since the referendum result, the Government have engaged extremely widely with a range of representatives from groups and organisations to feed into our thinking. For instance, DExEU has conducted analysis of more than 50 sectors of the economy, covering financial services, retail, agriculture, energy, infrastructure and transport. In your Lordships’ House we have had a lot of debate, and the Select Committees have published very useful reports to help feed into that thinking. We have put in place a solid foundation for further discussions, admittedly under an ambitious timetable. The UK and EU teams will meet every four weeks, coming together for a number of days at a time to progress discussions as quickly and effectively as possible. We have now started the negotiations and therefore hope that we will see progress, which we have not seen over the past year because we had not triggered Article 50.

Lord Oates (LD): My Lords, although I regret that this announcement did not come earlier and is not unilateral, I none the less welcome that the Government have at least made some progress. However, there is discussion in the document about the fees for the new scheme being set at reasonable levels. Given that the current fee for settled status is almost £2,000, and

given that the change of status for EU citizens has come about through no fault of their own but by a decision from which we are excluded, does the Minister think it right that the Government should carry this out with no fee whatever to EU citizens?

Baroness Evans of Bowes Park: I can certainly assure the noble Lord that fees and charges are being looked at as part of the negotiations. I can only repeat that our aim is to offer a streamlined and high-quality service for everyone and to keep fees at a reasonable level.

Baroness Smith of Basildon: My Lords, I am sorry to return to the noble Baroness, but I asked two questions on settled status that she was not able to address. First, can we do anything better than ask 180,000 people who have already applied to apply again under the new status, alongside the costs that that will incur for them? Secondly, will all the applications be dealt with in two years and, if not, are the Government guaranteed access to EU databases to get the information required? The Minister did not answer either of those questions, and if she is unable to do so today, will she write to me?

Baroness Evans of Bowes Park: I apologise, and am happy to write to the noble Baroness.

Update on the Grenfell Tower Fire and Fire Safety Statement

5.28 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Northern Ireland Office (Lord Bourne of Aberystwyth) (Con): My Lords, I shall repeat a Statement made in the other place by the right honourable Sajid Javid, the Secretary of State for Communities and Local Government. The Statement is as follows:

“With permission, Mr Speaker, I would like to update the House on the Government’s response to the Grenfell Tower tragedy and our safety inspections of cladding in other buildings. I know I speak for the whole House when I express my heartfelt grief at the Grenfell Tower catastrophe. Almost a fortnight has passed; the shock has not subsided. I have visited Kensington and witnessed the terrible anguish of those who have lost so much. In some cases they have lost everything.

I am sure that, like me, many Members have returned from their constituencies this morning with the anger and fears of residents still ringing in their ears—anger that a tragedy on this scale was ever allowed to happen in 21st century Britain and fear that it could happen again. It is this fear I want to address first today.

On the cladding checking process, I know the entire country is anxious to hear what we are doing to reassure residents about fire safety in similar blocks around the country. My department contacted all councils and housing associations asking them to identify all tall residential buildings in England that they are responsible for that have potentially similar cladding applied. We estimate this number to be around 600.

[LORD BOURNE OF ABERYSTWYTH]

On 18 June, we wrote to them and asked them to start sending samples, and on 21 June our combustibility testing programme for aluminium composite material cladding started, run by the Building Research Establishment.

On 22 June, the Government provided advice to all these landlords about interim safety measures where a building has ACM cladding that is unlikely to be compliant with building regulations. This advice was recommended by an independent panel of experts and includes advice based on the emerging findings from the Metropolitan Police investigation into Grenfell Tower. I can inform the House that, as of midday, the cladding from 75 high-rise buildings in 26 local authority areas has failed the combustibility test. I know that Members will want to know if their local residents are affected, and my department will publish regular updates on GOV.UK.

The combustibility test has three categories rated 1 to 3, and it is judged that cladding material in category 2 or 3 does not meet the requirements for limited combustibility in building regulations. I can also confirm to the House that so far, on that basis, all samples of cladding tested have failed. The fact that all samples so far have failed the test underlines the value of the testing programme and the vital importance of submitting samples urgently. The testing facility can analyse 100 samples a day and runs around the clock. I am concerned about the speed at which samples are being submitted. I would urge all landlords to submit samples immediately.

In every case of failed tests, landlords and local fire and rescue services have been alerted, and we are supporting and monitoring follow-up action, including by a dedicated caseworker in my department. Landlords for all affected buildings have informed or are informing tenants and implementing the interim safety measures needed, working with fire and rescue services. At this time, the safety of people living in these buildings is our paramount concern. I am determined that residents have as much peace of mind as possible in such worrying times. Landlords must keep residential buildings safe for their tenants. Where they cannot satisfy that obligation with appropriate mitigating measures, we expect alternative accommodation to be provided while remedial work is carried out. That is exactly what has happened in Camden and I would like to pay tribute to the residents there for their brave response in such a distressing situation.

It is obvious that the problem of unsafe cladding may not be a problem unique to social housing or residential buildings. We have asked owners, landlords and managers of private sector residential blocks to consider their own buildings and we have made the testing facility freely available to them. My department is working with the Government Property Unit to oversee checks on wider public sector buildings. Hospitals are well prepared—each one has a tailored fire safety plan. But nothing is more important than the safety of patients and staff, so on a precautionary basis we have asked all hospitals to conduct additional checks. The Government will continue to work closely with fire and rescue colleagues to prioritise and conduct checks based on local circumstances.

The Education and Skills Funding Agency is contacting all bodies responsible for safety in schools, instructing them to carry out immediate checks to identify any buildings which require further investigation. We will have more information this week. Across the wider government estate, 15 buildings have been identified as requiring further investigation.

While that work continues, it is vital that we offer every assistance to the victims of the Grenfell Tower tragedy. As of this morning, 79 people have been confirmed dead or listed as missing presumed dead. Sadly, it is believed that this number will increase. As the Prime Minister told the House last week, the initial response of the emergency services was exemplary, but the immediate support on the ground was simply not good enough. A remarkable community effort sprung up overnight, while official support was found wanting. That failure was inexcusable, and it is right that a new team and approach is now in operation.

We have activated the Bellwin scheme and sent in significant central government resource including: a single point of access into government provided by the Grenfell Tower victims' unit operating from my department; and staff from six government departments offering support at the Westway assistance centre. The Government have set aside a £5 million Grenfell Tower residents' discretionary fund and more than £1 million has so far been distributed. Each household affected is receiving £5,500 to provide immediate assistance, and so far 111 households have received payments. The British Red Cross is operating an advice line for anyone affected or in need of support. It is just one of many charities, faith organisations, and businesses that have provided invaluable assistance to victims. I can announce to the House today that the Government will contribute £1 million to support their efforts. This money will be distributed by the local consortium of charities, trusts and foundations that are working together to respond to this tragic event.

Our other priority has been to find survivors a safe and secure place to live. The Prime Minister made a clear commitment that a good-quality temporary home would be found for every family whose home was destroyed in the fire, within three weeks. Every one of those families will also be offered a permanent social home in the local area. This work is under way, and the first families moved into their homes over the weekend. Last week, I also announced that the Government had secured 68 homes in a new development in Kensington to rehouse local residents. We will do everything we can to support the victims of the Grenfell fire now and in the future, and I will regularly update Members on our progress.

As the Prime Minister said in her Statement to the House last week, the disaster at Grenfell Tower should never have happened. There is an ongoing police investigation, and there will be an independent judge-led public inquiry to get to the truth about what happened and who was responsible. Building regulations and the system for ensuring fire safety in buildings have been developed over many decades, and until the Grenfell fire many experts would have claimed that system has served us well. But now we have witnessed a catastrophic failure on a scale many thought impossible in 21st century

Britain. It is clear that that failure must be understood and rectified without delay, and the Government are determined to ensure that that happens. As an initial step, I can inform the House today that I am establishing an independent expert advisory panel, which will advise the Government on any steps that should immediately be taken on fire safety. Further details of the panel, including its members, will be released shortly.

This tragedy must never be forgotten, and it should weigh heavily on the consciousness of every person tasked with making the decisions that ensure it can never happen again”.

My Lords, that concludes the Statement.

5.36 pm

Lord Kennedy of Southwark (Lab): My Lords, I refer the House to my interests, specifically as a councillor in the London Borough of Lewisham and vice-president of the Local Government Association.

I thank the noble Lord, Lord Bourne of Aberystwyth, for repeating the Statement made in the other place by the Secretary of State for Communities and Local Government. My thoughts and prayers are with the victims and their families of this terrible tragedy at Grenfell Tower, and with our emergency services, which responded so bravely and quickly to the unfolding disaster. Their actions saved countless lives. The whole nation owes these heroes a debt of gratitude.

The Prime Minister acknowledged that the response by Kensington and Chelsea Council was not good enough and a firm grip on the situation needed to be taken. The response by charities, faith organisations, businesses and local residents has rightly been praised and I pay tribute to them all. They add to the shame with which the response of Kensington and Chelsea council is viewed by everybody. I find it staggering that the council leader did not resign immediately. He should resign without further delay. The chief executive of Lewisham, Barry Quirk, has taken over as the chief executive of Kensington and Chelsea council. He is a public sector manager with years of experience and will get a grip of the situation quickly. The command centre is under the joint leadership of John Barradell, the chief executive of the Corporation of London, and Eleanor Kelly, the chief executive of Southwark council. Both are experienced public sector managers. Eleanor Kelly is known to me, and she will do an excellent job, I am sure, with the chief executive of the Corporation of London.

I have no intention of speculating on matters that are best left to the police and the inquiry. I have confidence that robust work will be undertaken, and where criminal activity is found to have taken place, prosecutions to the full extent of the law will be brought. But lessons have to be learned and things have to change. I hope that we never again hear the nonsense that we have heard in the past about red tape and health and safety regulations. It is clear that, rather than having too much regulation, there has in this case been a catastrophic failure. Regulations were either not good enough or were not followed and applied thoroughly and properly.

The checks on tower blocks throughout the UK need to continue as quickly as possible. I pay tribute to the residents of Camden who have been affected by

the right decision to evacuate their blocks, which are deemed by the authorities to be unsafe, and to the leadership shown by the leader of Camden council, Councillor Georgia Gould, who has been there on the ground speaking to residents. It would be welcomed by the whole House if we were given further details of the work being undertaken by the Government Property Unit to oversee checks on wider public sector buildings.

Cladding is not the whole story. That is clear from the Lakanal House and Shirley Towers fires, as the respective coroners' reports show. Can the noble Lord tell the House what plans the Government have to provide up-front funding to local authorities to take recladding measures, the installation of sprinkler systems or other fire precaution measures rather than the after-event funding through the Bellwin scheme? I welcome the independent advisory panel that is being set up, but the Statement repeated by the noble Lord seems to suggest that the system is at the point of collapse, and urgent action must be taken. We need to do that quickly.

Last Thursday, the Prime Minister said, “we simply have not given enough attention to social housing”.— [Official Report, Commons, 22/6/17; col. 169.]

I would suggest that the Government have given plenty of the wrong attention to social housing. Schemes such as the National Tenant Voice have been scrapped. The social homes build is down from 37,000 to 1,000, and Homes and Communities Agency funding for the Decent Homes programme has been ended. What we need now from the noble Lord is a commitment to do everything to ensure that the Prime Minister's promise is not just empty words and that we will see a complete change of course by the Government in support of funding for social housing so that we have truly affordable homes in this country.

Baroness Pinnock (LD): My Lords, I start by declaring my interests as a councillor elected in Kirklees and as a vice-president of the Local Government Association. I join with what has already been said in tribute to both the fantastic work of the emergency services on the night and to the ongoing support that has now been put in place by a combination of charities, faith groups, community groups and finally—although too late—the Government and local government. I have three major areas of concern following the Grenfell Tower fire.

The first area is that of care for the victims of the fire. The initial co-ordination of this huge and probably preventable catastrophe was a fiasco. As I said in this House last Thursday, accountability in the political process is absolutely vital if we are to retain trust between those who are elected and those who are represented. I called for the leader of the council in Kensington and Chelsea to take responsibility for the fact that 79 people have died in a council building on his watch. I cannot believe that a leader elsewhere in the country would not have resigned by that point. I repeat my call of last Thursday and I trust that some Members on the government side will talk to the leader and urge him to take responsibility.

A second element in the area of care for the victims is the co-ordination of ongoing support for them. I understand that the Government are implementing

[BARONESS PINNOCK]

the Bellwin scheme, which provides recompense to councils and other authorities for the emergency costs of the work they do. That is positive, but I am concerned about the work that they ought to be doing to support the children who have been involved in this awful trauma. They are a particular concern of mine because of my interests. Are their welfare and ongoing education needs going to be well supported for a very long time, because that is probably what they will need?

My second major area of concern is that of prevention, referred to by the Minister in the Statement. What we absolutely must ensure is that there are no other buildings where further loss of life could take place. My understanding is that all building materials have to be passed by the British Board of Agrément, which determines whether the materials are fit for purpose and how they can be used. I have not heard in any of the statements in either this House or the other place whether this is the case for the materials referred to by the Minister; that is, the aluminium cladding. I would welcome an answer to that point.

The second element in the area of prevention is that I am particularly concerned about schools. I am a governor of a school which should be opening in September. It is being built through the government scheme. As I speak it is being clad and does not have a sprinkler system because the requirement for such systems in schools has been removed. No doubt the Minister will not be able to respond, but a number of schools are currently being built around the country. Will they have sprinkler systems put in and will the cladding be checked?

My third area of concern is that of costs. We have heard that the emergency costs are to be covered by the Bellwin scheme, but we expect that cladding which fails the checks will have to be replaced. Who is going to pay for that? If there are some 600 tower blocks, numerous schools and some hospitals which did fulfil the building regulations but latterly discover that the cladding material is combustible, who will fund the enormous cost of recladding those buildings? I doubt whether cash-strapped local authorities will be in a position to fund replacement cladding, and similarly I doubt whether the NHS will be able to meet the cost of recladding buildings. It is not responsible in the sense that, if the building regulations were complied with, in my view the costs ought to be met by the Government.

Lord Bourne of Aberystwyth: My Lords, I thank the noble Lord, Lord Kennedy, and the noble Baroness, Lady Pinnock, for their contributions and I acknowledge, as I think I did in the Statement, the importance of the role played by the emergency services. They were truly heroic and the events demonstrated in a very graphic way how much we owe to them on a continuing basis. Of course, as has also been said, the response has not been limited to the emergency services, although their role was extraordinary. I was reading this morning about a young Latvian-born Russian man who went five or six floors up into the tower to rescue people. The human response was extraordinary, while the continuing response of charities and faith organisations has also been first class. The noble Lord, Lord Kennedy,

mentioned Barry Quirk, Eleanor Kelly, John Barradell and indeed the work of many London boroughs which have contributed massively since Kensington and Chelsea, as it were, stood down. Their response has been extraordinary too. Elected representatives are responsible and should be held accountable, and that is a matter for them to consider, but I certainly hear what has been said by both the noble Lord and the noble Baroness.

Let me deal with some of the specifics that were mentioned: I shall start with the victims, then move to costs and shall try to pick up some of the other points that were made. As I indicated in the Statement there is a Grenfell Tower victims' unit which looks at many things through the medium of the Red Cross, with the funding assistance I have just mentioned, and a hotline. It is helping with advice on health, education and finance. Many of these people, it has to be recognised, do not speak English, so language support is being offered as well, for the various languages that are necessary: it is quite right that that should happen. There is counselling, including grief counselling and counselling to deal with the dreadful situation there.

On the cost, first, one should not ignore the significance of the Bellwin scheme. It has been used on many occasions, such as the Buncefield disaster, floods and so on. After 0.2% of the authority's budget—in the case of Kensington and Chelsea, £300,000 is not significant in terms of that budget—the other money is supplied by the Government within the scheme, up to 100%. One should not ignore the significance of that: it really is important, it is in place already, as I understand it, in relation to Grenfell Tower, and in relation to Camden, it will obviously be utilised. On top of that, primary responsibility, of course, rests with the landlord of the relevant body, whether that is public sector or private sector, but of course we recognise that there is a cost here. The most important thing is the safety of individuals. That is something we want to stress and we will obviously be talking with local authorities about the cost. At the moment we do not know what that cost will be: even in relation to the 75 examples I cited of non-compliance, it is not necessarily clear that removing the cladding will be necessary overnight, as it were. We just have to look at how that is to be taken forward, but I recognise the importance of the point; of course, I do.

The general, broader point about social housing is well made. We know that many of the authorities concerned are of all parties, I think, and all parties have to look at how we address this on an ongoing basis. There are certainly lessons to be learned there. The noble Baroness mentioned prevention—I do not think the noble Lord did, but it is clearly an issue that needs looking at. Fire safety checks on cladding and so on are needed, not just on residential buildings but on all buildings. We have already put in place a system for the NHS and for education, but of course in the private sector there will be office buildings and so on, which while perhaps not as urgent as residential buildings will still need to be looked at. I know that some hotels—Premier Inn, for example—have stated that they will be removing cladding. So the private sector needs to look at this too and there are many issues to be looked at.

The sprinkler situation has been mentioned. Residential blocks above 18 metres since, I think, 2007, need sprinklers. That raises the question, clearly, which I think the public inquiry will certainly want to look at, that if it is right for them, what about retrofitting other buildings within that system? I would be astounded if, when we see the terms of reference, that is not part of the inquiry. Those terms of reference will be discussed not just with tenants and representatives of tenants of Grenfell Tower but with the chairperson of the inquiry. Those matters need to be looked at too.

Once again I thank the noble Lord and the noble Baroness for the genuinely consensual way that they have been seeking to move this forward, which I am sure is the right way. I think that certain statements made elsewhere are unhelpful, but this is a national position which we have to deal with in a national, consensual way. I do not think that victims would welcome any other approach than the one that has been demonstrated today.

5.53 pm

Lord Jopling (Con): My Lords, the Minister made clear in his Statement that the Government are aware of the lack of preparedness at all levels of government to take a grip of this situation. Is the Minister aware that the Cabinet Office runs the Emergency Planning College at Easingwold in North Yorkshire, an admirable organisation that trains people from all over the world, who come to prepare themselves for catastrophes and disasters of this sort? Will the Minister please go away urgently and ask his department to see what can be done to encourage people at all levels of government to make use of this admirable institution so that the lack of preparedness in this case is not perpetuated again in the future?

Lord Bourne of Aberystwyth: My Lords, I thank my noble friend very much for that helpful suggestion. He will be aware that, in the Statement repeated in this House by the Leader of the Lords last week, mention was made of the possibility and maybe the likelihood of a civil disaster action body—I forget the exact appellation—being set up to look at this type of situation so that lessons can be learned. I think that the Emergency Planning College that my noble friend mentioned would be an admirable body to involve in that discussion and I will take that back.

Baroness Donagh (Lab): My Lords, will the Minister tell the House what work is being done to check the safety of electrical appliances? It is a slightly different angle. I am sure that the safety of electrical appliances will be covered by the public inquiry, but what work is being done at present? It is clear that safety in American appliances is very different from that in appliances sold in the UK. What consultation, if any, is taking place with the much reduced trading standards officers, who have a lot of experience in the area of electrical appliance safety? Finally, what involvement, if any, does the Health and Safety Executive—again, much reduced—have in the current activities?

Lord Bourne of Aberystwyth: My Lords, I thank the noble Baroness for that contribution. It illustrates the breadth of the inquiry that is needed here, because

there are many aspects to this. One has almost overlooked how the fire started, but she is absolutely right. The supplier of the white goods in question, if I can categorise it in that way, has made a statement and is looking at checks on that. I will write to the noble Baroness and copy it to all Members, with any additional points I miss or am unable to answer in this session, including on the involvement of the consumer safety bodies she referred to and the Health and Safety Executive. I am sure that they will be very much involved—I was going to say, plugged in, but that might not be the right word—in the discussions in relation to the inquiry and taking this forward. It illustrates the immense challenge that we have here, and we really cannot duck this challenge. I should also say that I held a briefing earlier today on this situation, attended by many noble Lords, ahead of the Statement. It is my intention to hold another, because this is a quickly changing position, and to take points in more detail with officials then.

Lord Shutt of Greetland (LD): My Lords, I tried last week to ask this question and I should like to try again. I had the privilege in the 2013-14 Session to chair a Select Committee of a dozen Members of this House on the Inquiries Act 2005 and whether it was fit for purpose. We produced a report which was unanimous and generally well received. We said that it was fit for purpose. Therefore, the question is this: is the full rigour of the Act going to be used in the public inquiry? If it is not, whether it is judge-led or not, it will not have the power to pull witnesses in and they can slink away. It is very important that the Act be used.

Lord Bourne of Aberystwyth: My Lords, as I understand it, the inquiry will be within the rigour of that Act. I had a briefing today that indicated that people could be obliged to attend by subpoena, for example, which indicates that that is the case. Another point I am getting officials to check is that we have somehow to ensure that people giving evidence to this public inquiry—we want it to happen in a very timely way—are protected in that, if they face criminal charges, there has to be some sort of mechanism for making sure they are aware that anything they say on that occasion could be used in criminal proceedings. I will contact the noble Lord, via the letter I am sending round, if I am wrong on that, but as I understand it the Inquiries Act will apply.

Viscount Hailsham (Con): My Lords, does my noble friend agree that public figures should be very slow to make criticisms of individuals or wild allegations of criminal responsibility until such time as the public inquiry informs us where responsibility truly lies?

Lord Bourne of Aberystwyth: My Lords, my noble friend speaks with great authority, as a distinguished lawyer. Of course, that is the case. We have a proper procedure and process to follow in our parliamentary and democratic system, based on the rule of law and the English legal system. That is the reason for the inquiry. That is the reason for legal proceedings, and we must make sure that they happen in a timely way so that we can draw the necessary conclusions, and draw them quickly.

Lord Hylton (CB): My Lords, first, where cladding must be removed, whether on high or low-rise buildings, can this be done while the residents remain in place? Secondly, the disaster makes it clear that almost no reserve of rented accommodation exists. Does this not underline the urgent need to multiply the rate at which safe and affordable dwellings are produced?

Lord Bourne of Aberystwyth: My Lords, the noble Lord asked two very relevant questions. The first was whether the cladding can be removed while people are in place. Yes, that is possible, certainly physically, and that could well—and almost certainly will—happen to some of these blocks if there are other mitigating factors meaning that those people are not at risk; for example, if the block was built after 2007 and there is an effective sprinkler system, that might be the right way to proceed. Each case is being looked at individually and that will not necessarily be appropriate for every case but it will be for some. The noble Lord then made a general point about the importance of affordable housing and, by implication, having it in the appropriate places, which is a challenge that we are addressing and have been seeking to address quite independently of this. He is absolutely right about that, and that assault on the importance of affordable housing will continue quite independently of this, but this does underline it.

Lord Scriven (LD): My Lords, the Minister has described some of the work that will be done, and that is welcome. However, there is utter confusion at the moment among not just residents and tenants but those in the construction industry about what will now be deemed safe, because of the seeming contradiction between the building regulations and the combustibility test that the Government are carrying out. Where does the industry now go for a definitive list of what is safe in areas such as the cladding of schools, which was referred to by my noble friend Lady Pinnock? If there is not a definitive list, how quickly will the Government get one so that those who are cladding or retro-cladding will know exactly what is safe?

Lord Bourne of Aberystwyth: My Lords, admittedly, this is a proxy test that is being done at the moment but the testing facility that is being used by the BRE is incredibly fast and very clear. That is why we know that 75 samples that have been assessed so far are non-compliant. I do not think there can be any doubt about that. There is a wider question about the building regulations—last revised in 2006 and amended in 2010 and 2013—which the inquiry will no doubt also want to look at.

The Lord Bishop of Durham: My Lords, I thank the Minister for his comments about the voluntary sector. In the lessons learned exercise, will research be done to understand exactly why the voluntary and faith sector was so good at responding and could organise teams within four hours to distribute things, compared with the local authority response? Will lessons be learned about why the concerns raised by the residents in the months—indeed, years—beforehand were never listened to, and in the future will tenants be listened to

more appropriately? Finally, what can the Government do about the speed of the submission of samples by landlords, which is woefully slow?

Lord Bourne of Aberystwyth: My Lords, I thank the right reverend Prelate for those points. First, perhaps I might, through him, congratulate the faith sector more widely, and indeed the charity sector and the voluntary sector. I do not think this is limited to Grenfell Tower, but it is true that often Governments and local authorities—the public sector in general—are not always trusted as much as the local faith, charity and third sector, which is local, trusted and more responsive. I have seen the same thing in relation to some of the dreadful terrorist incidents we have had, most recently in Finsbury Park. That is certainly true there.

The right reverend Prelate mentioned the concerns of tenants not being listened to over time. Of course, that will be looked at again by the inquiry. I do not want to prejudice that by coming out with statements but concerns raised by tenants should always be listened to. The tenants are the people who know about this. He then asked about the slow response, was it? I am sorry.

The Lord Bishop of Durham: The Minister said that landlords are being very slow to send in samples.

Lord Bourne of Aberystwyth: Yes, in repeating the Statement. That is certainly the case. We are talking to the LGA, which is a very helpful partner and is following up on some of these. The testing is quite quick. We need to make sure that some of the local authorities are coming up with the material for us to test. With the LGA, we are following that up.

Lord Campbell-Savours (Lab): My Lords, a question was asked about work being carried out while residents are in situ. The re-cladding and other fire protection work will involve potentially hundreds of blocks of flats nationally and perhaps as many as 50,000 families. Instead of the evacuation of families, which will arise in some cases, with all the disruption of family life that entails—which is what we hear is going on in Camden at the moment—have the Government and local authorities considered the appointment of fire monitors, on a shift system basis, during surveys and periods of work, carefully located in vulnerable blocks, in particular where there are clusters of blocks of flats, and where those fire monitors can be in fire alarm contact with all flat owners? There are two advantages. First, it will give residents some peace of mind and, secondly, it will save a lot of public money.

Lord Bourne of Aberystwyth: I thank the noble Lord and congratulate him on his perseverance in asking the question. He is absolutely right that evacuation should be only in extremis, which I think the Camden situation was. They considered very carefully whether it was appropriate there. The possibility of fire monitors—or, as I think we are calling them, fire managers—being in situ on the premises is certainly being looked at as one possible way of mitigating that, and I thank the noble Lord for his support for that idea. He is absolutely right that, where appropriate, this will provide peace of mind and save money and,

of course, save disruption in other cases. But in some cases, evacuation will be appropriate and Camden was certainly one of them.

Lord Naseby (Con): Will my noble friend clarify the position on Part B of the building regulations? That seems to be the part that is relevant. As I understand it, in 2009 a coroner in Southwark recommended that the building regulations should be reviewed. In 2016 the Minister for Housing undertook that they would be reviewed. I understand that recently the Minister for Housing has said, "We are ready for consultation". Surely this should be a real priority; otherwise, no one in the construction industry knows what on earth they can do. That is an absolute priority. May I have an assurance from my noble friend that something will be done about this now?

Lord Bourne of Aberystwyth: My Lords, I thank my noble friend very much indeed. The Lakanal inquest in 2009 that he referred to suggested that the building regulations needed simplifying. That work has not yet started. We were about to start that when an election intervened but, clearly, we have to learn the lessons in relation to building regs and fire safety measures. We will be setting up a public inquiry, which I am sure will have an interim report that will come forward with some urgent findings. But I agree with my noble friend that this clearly is in purview.

Lord Shipley (LD): My Lords, perhaps I might ask the Minister to say something further about the private sector. I remind the House that I am a vice-president of the Local Government Association, although it is in no way involved in my asking this question. He has referred twice to the private sector. If I recall his wording, he said, first, that private sector companies should do the checks in blocks that they own and, secondly, that the testing facilities will be open to them. However, where a block is in the private sector and the building control function has been undertaken by the private sector, does the Minister agree that it is very important that checks are compulsory and not advisory?

Lord Bourne of Aberystwyth: My Lords, I thank the noble Lord. Perhaps I may track back on to something that I should have mentioned earlier in relation to those blocks that have, after testing, been found not to be compliant. In those 75 cases, my department will nominate a specific employee to liaise about the necessary action. That is in relation to all those public sector or social housing blocks that have been identified. In relation to the private sector blocks, subject to the same sort of constraints at 18 metres and above, we have been in contact with all the private sector landlords and are recommending that they test the cladding. It is not compulsory; we are making a facility available to them without charge, but those are not part of the 600 blocks which I mentioned. I am sure that we will want to follow up on that but, as things stand, it is not compulsory. We are focusing on the social rented sector at the moment because that seems the right thing to do.

Lord Beecham (Lab): My Lords, there has been a systemic failure to deal with policy in relation to fire for some years. One reads newspaper reports, which I

think the Minister has confirmed, that some action was intended in recent years after reports were received, but nothing has yet happened. Can he confirm that, as the situation is reviewed after this tragedy, it will be a cross-governmental engagement? All departments ought to be involved—one thinks, for example, of education, health and indeed justice, with prison establishments. It will need to reach out to the private sector as well. It has already been indicated that there are potential problems in private developments, which also need to be covered.

Can the Minister confirm that, so far as local authorities are concerned—and it may be that a similar principle will have to be extended to other areas, such as health—the full costs of this will be met by government? I remind him that a reduction is going ahead now in council house rents, which will help the Government's finances by significantly reducing housing benefit. Some billions of pounds will be involved over a long period. I suggest that, if the Government are looking for a resource to fund the necessary work, that would be one way—by using the money being diverted from local authorities at the moment—to ensure that they are at least able to carry out all that is required of them.

Lord Bourne of Aberystwyth: First, I thank the noble Lord for his point on the involvement of other government departments. As I have indicated, it is absolutely right that this is wide-ranging. I also mentioned in the Statement the fact that some of the people on the ground in the Westway centre near Grenfell Tower are from DCLG; they are also from many other government departments as well. There is certainly a recognition—more than a recognition, an embracing of the fact—that this involves many other government departments. He is absolutely right to mention education, health and justice.

The most important duty of any Government is to keep people safe. We recognise that, and there will obviously need to be a discussion about the cost of this. We do not yet know what the cost will be. I suspect that the testing we have seen so far has indicated some of the more urgent instances. We cannot conclude that this is the case, but it may well be that local authorities have recognised those blocks where there is a concern and therefore submitted those samples in a timely way. We might therefore find that the 60 in one category and the 15 in another category are not representative of the rest of the 600 blocks. Let us hope and pray so; we do not know that yet. We will want to engage with local authorities once we know the sum total of what it will cost, to see how that is determined, but some local authorities—notably, Kensington and Chelsea—are perhaps not quite so short of money as others.

Queen's Speech

Debate (3rd Day) (Continued)

6.14 pm

Baroness Chisholm of Owlpen (Con): My Lords, just before we start the mammoth task again, can I remind noble Lords that the advisory Back-Bench speaking time is five minutes? If we stick to that, we will finish by 11.30 pm, which is already quite late.

6.15 pm

Lord Razzall (LD): My Lords, I join other noble Lords in welcoming the noble Lord, Lord Callanan, to the Front Bench and in looking forward to the contributions of the noble Lords, Lord Mountevans and Lord Colgrain.

I would like to concentrate my remarks on the problems facing British manufacturing industry. There are clearly industries that are hugely successful, such as aerospace, biotech and motor vehicles, to name but three. The drop in the value of sterling against the euro and the dollar has given a short-term boost to our export sales, but there can be no doubt that our manufacturing sector faces significant problems.

The first serious issue, which has been with us for many years, is productivity. We remain way down at the bottom of the productivity tables in comparison with all our major competitors, and all economic commentators agree that the reason for our low productivity is the low rate of capital investment over decades. I am disappointed that the gracious Speech did not emphasise more the Government's proposals to solve the productivity gap between us and our competitors, particularly in the context of Brexit.

It is impossible to look at the issues facing manufacturing industry without also looking at the impact that Brexit will have. First, it must seem obvious to noble Lords that, as 52% of the United Kingdom's exports currently go to the European Union, access to the European Union for goods must be maintained, even if some continued financial contribution is required. The alternative—of accepting World Trade Organization rules in the event of no deal after two years—would be unsatisfactory, as it would mean an average tariff of 5.3% on exports to the European Union, with tariffs ranging from 4.6% on chemicals to 10% on cars.

Secondly, it is not just potential tariff barriers that are a serious concern. Non-tariff barriers are equally important. These barriers deal with, for example, regulatory issues, technical barriers, standards and measurements. Harmonisation of standards has worked well in recent years, but there is significant nervousness in the manufacturing community that, following our exit, Europe will revert to the bad old days of Germany setting rules that suit its manufacturers.

It is also essential that lengthy customs checks are not introduced, as that would be damaging, particularly in industries that involve a significant flow of components to and from the European Union. The Government seem to believe that we will be able to build component industries to get round those difficulties. However, if we take the motor car industry, most manufacturers do not believe that a UK supply will be sufficient. We can look at the risks. Other motor vehicle manufacturers are aware of the history of Ford. Thirty years ago, it was the UK's largest vehicle producer. It now produces 2 million engines per year in the UK, but 90% of those engines are exported to mainland Europe. Although Ford is the number one car seller here, not one of its cars is made in the UK.

The final major concern for all manufacturing companies is that British manufacturing industry requires significant skilled immigration from Europe. I appreciate that that is anathema to the Tory right, but there are

countless examples of a likely skills shortage. A typical example is the need of some engineering companies for analogue design engineers. Our universities now really teach only digital electrical engineering, so the analogue design engineers that many engineering companies need can be found only from the Czech Republic, Slovakia, Romania and Bulgaria. Such people must be given the right to work in the UK; otherwise, a disaster will occur. In industry, there is considerable scepticism about whether the skills shortage will be made up by UK employees once we have left the European Union. I suspect that David Davis would acknowledge that, and did so in a little-recorded speech in Estonia some time back.

When I see the problems faced by manufacturing industry, which I have just outlined, I ask: is it any wonder that the Tory party, in its election campaign, got the lowest level of support from industry that I can remember in my many years in active politics?

6.18 pm

Lord Mountevans (CB) (Maiden Speech): My Lords, I am honoured to have the opportunity to make my maiden speech. I would have done so sooner, but some noble Lords may know that I have been occupied east of here for the past year or so.

Standing here, I have the privilege of following into this House my late father-in-law, Lord Moran, who gave distinguished service as a diplomat and later followed his father—Winston Churchill's personal physician—into this place. I follow, too, my grandfather Edward Evans—or Teddy, as I knew him—who was raised to the peerage in 1945 following a career as a naval officer and Antarctic explorer. When Teddy was a lieutenant in the Royal Navy, he was second in command of Captain Scott's ill-fated second expedition to the Antarctic, and he was one of the last three to see Scott and the final polar party alive, just 160 miles from the pole. Growing up, I grew acquainted with the spirit of exploration, innovation and enterprise that carried him literally to the end of the earth.

While I did not have the opportunity to follow in his footsteps and visit, in his words, the "desolate Antarctic", during my year as Lord Mayor of London, I nevertheless visited 24 countries in five other continents. These visits, on which I was accompanied by business delegations, were conducted to promote London and the UK as the world centre for financial and business services, a position that I very much hope is maintained in the years to come. On these visits, I recognised in the best of British businesses the same animating spirit of enterprise, innovation and adventure that drove my grandfather and which we will need to harness to drive our own future prosperity.

This spirit is evident not least in a sector which my grandfather knew well and in which I made my own career, the maritime sector. More than 80% of world trade moves by sea. That is more than a ton and a half of cargo for every man, woman and child on the planet, and sea-borne trade is predicted to double by 2030. Given the importance of this sector, I am pleased to say that the UK, an island nation with a rich seafaring tradition, is a world-leading maritime centre and is perfectly positioned to capitalise on future growth.

Our skilled workforce, world-class infrastructure and competitive business environment make the UK a destination of choice. As a result, the sector, which encompasses not only shipping and ports, ship and boat building, manufacturing and engineering but the world-renowned lawyers, insurers and brokers of the City of London, makes a significant contribution to the UK economy—an estimated £22 billion, supporting 500,000 jobs. We have seen growth in recent years. Updated historical data and the latest figures will be presented in full at the Maritime UK reception here in Parliament during the third London International Shipping Week in September.

Innovation is critical and is widely evidenced across the maritime sector. Much attention is being given to the economic benefits of robotic and autonomous operations, and this House only recently received a report recommending a number of actions by government to ensure that the UK can take advantage of this evolving technology. Marine and agriculture were specifically mentioned as sectors from which early benefits could accrue. Singling out marine, the deployment of autonomous devices to increase the scope and speed of ocean surveys will be a capability of the new British Antarctic Survey ship, “Sir David Attenborough”, currently under construction at Cammell Laird in Birkenhead. That contract was won against international competition. This vessel will be a world leader in technology. Earlier, the noble Lord, Lord West of Spithead, wasted no time in bringing to the attention of this House the fact that the new carrier is sailing from Rosyth today. As an honorary captain in the Royal Naval Reserve, I say that the Royal Navy is not just guarding our sea lanes; it also plays a key role in the development of marine and maritime technology.

In 2014, I was honoured to be asked by the Government to chair the maritime growth study, which made a number of recommendations for keeping the UK maritime sector competitive. I am pleased to say that significant progress is being made in addressing those recommendations and that there will be much to report at London International Shipping Week. That has been a huge success and is an outstanding example of co-operation between government and business. I urge the Government and business to continue work on the relevant recommendations of the growth study to ensure that the maritime industries can harness the talent and enterprising spirit of the workforce to deliver for Britain in the coming years.

As a former Lord Mayor of the City of London, it would be remiss of me not to say something of another of the UK's leading industries and great success stories: financial and related professional services. In my remaining time, I will not rehearse too many statistics. Suffice to say that the sector supports more than 2 million jobs nationally, with two-thirds of those outside of London, contributed £176 billion to the UK economy in 2015 and attracted £10.2 billion of foreign direct investment, which was around one-third of total inward FDI. It is the UK's largest generator of tax revenues, covering, if you like, two-thirds of the cost of the National Health Service. It is also the source of the country's largest trade surplus.

I would like to highlight just one initiative demonstrating the sector's innovative and enterprising spirit: green finance. In my year as Lord Mayor, I was proud to launch the City of London's Green Finance Initiative, a body committed to promoting and further developing one of the industry's most vibrant and fastest growing sectors, which advocates the steps that must be taken if we are to facilitate truly 21st-century, high-tech jobs, growth and exports.

Green finance—the funding of investments that provide environmental benefit—will fund and facilitate the growth of a more efficient and productive and less polluting economy and can provide a bridge to markets both old and new, including China, the USA, Mexico, Brazil, Morocco and Argentina. This serves simply to show how, at its best, the sector embodies the same spirit of enterprise and innovation and of going out into the world of which I heard in my grandfather's stories, and which I also see in the maritime industries today.

To close, it is my fervent belief that the best of British business, and the two sectors I have highlighted, will continue to embody that spirit and will make an important contribution to our nation's future, helping to build the trading nation that the Government, and all of us, wish to see. For them to do so, however, it is vital that the Government deliver on their pledge to negotiate the best Brexit deal or suggested agreement, which must include mutual market access, early agreement of transitional arrangements and access to talent for the UK's businesses. If the Government are able to provide the framework where opportunities can be taken, where innovation is encouraged and where businesses are not left out in the cold, I am certain they will deliver.

6.26 pm

Lord Kakkar (CB): My Lords, it is a very great privilege to follow the noble Lord, Lord Mountevans, and to be the first in your Lordships' House to be able to congratulate him on his magnificent maiden speech, so clearly informed by the wisdom, experience and insight he has developed through his distinguished career in the City, which culminated, as we have heard, in serving as the 688th Lord Mayor of the City of London. I had the opportunity to speak to the Lord Chief Justice this morning, who indicated to me that the noble Lord was a most successful Lord Mayor of the City of London. He is highly regarded throughout the City and beyond, and your Lordships' House will benefit from his future contributions to the important work that we have the responsibility of discharging on behalf of our nation.

I also congratulate the Minister on the thoughtful way in which he introduced this debate and declare my interests as professor of surgery at University College London, chairman of UCLPartners and UK business ambassador for healthcare and life sciences. I shall concentrate my contribution in this debate on the area of life sciences.

We heard from the noble Lord, Lord Mountevans, that financial services represent the most important part of our economy, but beyond financial services the life sciences are the second. They are an industry and a sector predicated on the development over many decades

[LORD KAKKAR]
of a very finely balanced ecosystem. At the heart of that ecosystem is the National Health Service. Four of the 10 leading universities of the world, three of the 10 universities leading specifically in the field of life sciences, and two of the top 10 pharma companies in the world are based here in the United Kingdom, between them employing some 200,000 people in more than 180 countries around the world and providing a surplus in excess of £20 billion a year to the UK economy. There are some 1,300 companies in our country manufacturing in the medical area. There are 3,500 small and medium-sized enterprises, 500 of which are exporting actively, and the life sciences industries employ some 235,000 people, which is just under 1% of total private sector employment in our country. Those are important statistics, because the life sciences sector not only makes an important contribution to the economy and to generating wealth but has the vital purpose of ensuring that we can improve healthcare and the outcomes we can achieve for our patients through the application of innovation and technology that has transformed life prospects over recent decades.

A recent UK Trade & Investment report, *Strength and Opportunity in 2014*, which looked at the life sciences sector in 2014, established that it was a true world leader. Since 2011, the sector has attracted some £7.5 billion of inward investment into our country, which has resulted in the creation of some 18,000 jobs. The medtech sector grew at some 5.8% per annum in the period 2009 to 2014, and the biotech sector some 4% per annum. Those are very impressive figures when one looks at the general pace of economic activity during that period, and something that cannot be neglected.

The Conservative Party manifesto at the last election committed to ensuring that the United Kingdom was the most innovative country in the world. Clearly, the gracious Speech has identified certain areas of innovation—we heard in the Minister's introductory comments a particular focus on driverless cars and travel into space—but I hope that the Minister can confirm a continued emphasis on the area of life sciences. This important area of activity, which is so bound up with the public sector, our universities and the delivery of healthcare, will not thrive unless there continues to be a determined focus on ensuring that it can compete globally. It is a sector, beyond many others, that is exquisitely dependent on collaboration—across universities, across industries and between Governments. Any loss of focus in that area will result in our country paying a heavy price.

In that regard, would the Minister be able to address two or three questions? First, is he content that there will be the opportunity for sufficient focus on the life sciences sector so that it can continue to deliver as required without any further legislation to deal with some anomalies with regard to the environment in which it has to operate? In particular, is he content that UK Research and Innovation will be able to drive the kind of collaborations and co-operation among scientists and innovators, not only in our own country but across the European Union, and potentially in other fundamentally innovative economies such as

the United States and the emerging innovative economies in the east, such as China and India?

Is the Minister content that the vital role that the National Health Service has to play with regard to innovation in the life sciences sector can be delivered, particularly with the adoption of innovation at scale and pace—innovation established in our own country and applied for the benefit of the patients in our National Health Service but also using the fundamental opportunities of the NHS to demonstrate to the rest of the world the value of what we can bring to drive improvements in global healthcare?

Finally, is the Minister content that the life sciences sector can be properly supported in the negotiations attending our exit from the European Union?

Lord Davies of Stamford (Lab): Before the noble Lord sits down, I have been listening to him—

Baroness Chisholm of Owlpen: I am sorry, my Lord, but no.

6.33 pm

Lord Inglewood (Con): My Lords, I begin my remarks with congratulations to: my noble friend Lord Callanan, whom I served in the European Parliament, on his ministerial appointment; to the noble Lord, Lord Mountevans, with whom I was at university, on his maiden speech; and, if I may anticipate, to my noble friend Lord Colgrain, with whom I was also at university. I must also declare some interests that are in the register, some of which relate to me in a personal capacity and some to the activities that I am engaged in. I hope my noble friend Lord Callanan will not be too disappointed if I do not talk about space but keep my feet on the ground and talk about agriculture. If you are going to leave the CAP, it seems a good moment to review agriculture, agricultural policy and rural policy, because they all go hand in hand.

Clearly, as we all know, the CAP was not designed for this country, but, equally, it was not designed specifically for any other country either. It has a number of very foolish aspects to it, although of course you do not have to cross the channel to find idiotic aspects to government. It is also a mistake to parody it, as some newspapers have done, not least because in so doing they seem to parody responsible journalism. The CAP, like much else, has moved on. Especially since the MacSharry reforms, there are plenty of things we can take as good examples from the workings of the CAP. It is a pity that it played too big a part in the EU budget, but it may not have necessarily played too big a part in total levels of public expenditure. It is understandable, but a pity, that it also played such a big part in EU politics.

It is my contention that there is a serious market failure in agricultural, rural and environmental policy, which in turn is morphing from traditional agriculture much more towards traditional rural estate management. This market failure is part of the serious problem of rural and agricultural poverty. Last weekend, we were in Dorset. For a Cumbrian like me, it looks like the land of milk and honey, but underneath that thick veneer of prosperity there is rural poverty and deprivation, and it seems to be most closely associated with those

who directly work on or close to the land—those who, on the continent, are called peasants. I have been called a peasant on the continent, and I am proud of it. That is a correlation that we need to think about.

What is agriculture doing in the contemporary world? First, it produces commodities, be they food or timber. Given the role that world prices have played in the CAP since the MacSharry reforms, I believe it is pretty much wishful thinking to suppose, as I have heard government Ministers suggest, that leaving the European Union will put the price of commodities up. It seems to be most improbable. Nor have I heard much consideration of the problems of the balance of payments, of the need for security of food in this country or of the costs of food, bearing in mind that it is a significant part of many families' budgets.

Above and beyond this, tourism, leisure and general well-being are provided from what you might describe as the assets in the nation's rural estate. In my home county of Cumbria, tourism is far more important locally than agriculture, yet tourism does not directly pay anything towards it. Then there are ecosystem services: carbon capture, flood mitigation, clean air and other things. Again, there are no direct cash transfers here specifically in respect of those. Then there is the environment more generally. It is my view that dereliction has probably caused more damage to the urban fabric of this country than the Luftwaffe did. If you do not look after things, as we have discovered in the Palace of Westminster, the end bill is a great deal bigger than it otherwise need have been.

Finally, the countryside should be a location for businesses. It is a great pity of the way the town and country planning system developed in the immediate post-war period that that has been stamped on to the extent it has. But the other side of the coin is that developing in the countryside in general is more expensive than doing it within the wider urban envelope. It seems to me that the tax system should recognise that. Then we have things such as the problems with broadband and other forms of infrastructure, which have been well rehearsed. On the basis that people should be paid for what they do, it looks to me as if a lot of urban Britain is freeloading on the back of the countryside, which is an example of the biblical maxim that to him that hath shall be given, and from him that hath not shall be taken away.

What, if anything, can be done about it? A particular suggestion that I would like to make is that the scheduler structure of income tax legislation should be looked at, because it discourages much sensible rural diversification and part-time farming. It is a gloomy state of affairs when the current framework around agriculture is conducted by the Rural Payments Agency and a lot of the planning authorities, which are not at all efficient or competent, taken as a whole. As a Cumbrian farmer said to me rather sadly, "Voting Brexit is, for farmers, the shortest suicide note in history". I have no doubt that the Minister will not agree with that, but I would be grateful if he could explain in general but concrete terms their approach to these matters. I request that he please not repeat the meaningless mantra about generalised opportunities becoming available. To my own surprise and my friends' amazement, I chaired a northern manufacturing company

for several years, and the business was successful. The one thing that became clear to me was that entrepreneurs are successful through their own initiative and do not respond to government instruction.

Whether we like it or not, agriculture has always operated, and at least to some extent will continue to operate, within a state-regulated framework, and having an understanding of the Government's aspirations and basic policy, so long as they are realistic, is a necessary condition of our country's success.

6.40 pm

Lord Eatwell (Non-Aff): My Lords, there has been a lot of debate about the likely impact that leaving the European Union will have on the UK economy. To date, there have been two indisputable negative impacts. First, the fall in the pound as a consequence of the referendum vote has the direct effect of reducing real incomes. The second negative impact, indisputably, is the content of the gracious Speech. For the next two years at least, government energy and parliamentary time will be totally absorbed by the legislation needed to leave the EU. No time at all will be devoted to tackling the long-term trends in the UK economy, trends that herald very difficult times ahead for Britain, whatever may be the eventual deal reached in Brussels.

Consider the following. Investment in the UK as a proportion of GDP is lower than in both the United States and the EU. Corporate investment in fixed assets has fallen well below the rate of capital depreciation—in other words, the corporate capital stock is eroding. Research and development spending in the UK as a proportion of GDP is just a little over half the level that it is in the US or Germany. As a consequence of these, productivity in the UK, output per worker hour, is lower than in the US and all the major European economies, excepting Italy where it is about the same, and for the past decade productivity has not grown at all. It is hardly surprising that these trends have resulted in a seriously uncompetitive UK economy with a falling share of world trade and a persistent deterioration in the balance of payments. Britain is uncompetitive. The idea that we are in a fit state to conquer new global markets is an ignorant fantasy.

The competitiveness failure cannot be solved by the cheap-money policies of the Bank of England. It does not matter how cheap money might be; there is no incentive to invest unless there is prospect of a growing market and a positive return. No wonder companies today are accumulating and distributing cash, not spending on investment.

So what is there in this Brexit-dominated gracious Speech that might do something to reverse these miserable trends? Precious little. We are told that the Government will,

"work to attract investment in infrastructure to support economic growth".

Note the careful wording—not a Government spending but a Government whistling in the wind in the hope of "attracting" investment. We are also told that the Government,

"will spread prosperity and opportunity across the country through a new, modern industrial strategy".

[LORD EATWELL]

But can we have any confidence in this strategy when over the next four years the Department for Transport's infrastructure plans will see nearly £2,000 per person spent in London but just £280 per person in the north of England? There is not much spreading of prosperity there.

To become competitive again, Britain must become an investing economy. In policy terms we need nothing terribly original, just to learn from what has worked elsewhere. It is clear that low investment is related to the interaction of the UK's financial markets and corporate behaviour. The Bank of England has shown that the UK's capital markets are more short-termist than they used to be, and are more so than those of other countries. Investors give priority to short-term returns over long-term ones. In many ways the UK financial sector is a great success story; in terms of size, exports, employment and profits it is among the most successful in the world. But that international success has been bought at a price. The financial sector injects international instability and risk into the domestic economy. No wonder there is an emphasis on short-term liquidity, an unwillingness to commit to markets that are regularly punctuated by financial disorder.

Attempts to address these failings were made in the Financial Services (Banking Reform) Act 2013, which sought to erect a ring fence between, on the one hand, commercial banking for households and small and medium-sized firms and, on the other, banking for large companies, investment banking and more risky market activities. However, once the real structure of UK finance is taken into account, it is clear that the ring fence is in the wrong place; it should be between domestic finance and international finance. The stability of comprehensive financial services for UK firms should be rigorously enforced while our booming, if unstable, international financial centre should be encouraged to do what it does best: sell outstanding services to the rest of the world. A stable domestic financial system would provide the motivation for, and the possibility of, a reform of corporate governance, including the regulation of mergers and a revamped, publicly funded R&D strategy, and would incentivise the longer-term investment culture that Britain so desperately needs. Those changes, and the many others that are necessary to create a long-term competitiveness culture, will not work unless the prospect of stable and growing demand, at home and from abroad, provides a sustained incentive to invest. Internationally, the fall in the pound provides an opportunity to recover lost markets, just so long as the competitive boost is not squandered on increased consumption.

In sum, the state of the UK economy requires that all government policy should be directed towards the long-term recovery of British competitiveness. Instead, as is clear from the gracious Speech, all government policy is directed towards a complex divorce from the EU, a huge misdirection of time and effort that in itself will do lasting damage to the UK economy.

6.46 pm

Baroness Parminter (LD): About one-quarter of all EU legislation deals with environmental protection—environmental regulations that have given us safe food,

clean rivers and beaches, homes for our wildlife and life support for our beleaguered bees. The Government have committed—through the great repeal Bill, as alluded to in the gracious Speech—only to incorporating EU regulations into UK law wherever practicable. Clearly, by itself that is not unreasonable; practicality is an important test and many EU regulations will not be able to be incorporated exactly as they are. While that may be necessary, though, it will not be sufficient. Will the Government commit that any adjustments to EU environmental laws needed to fit the realities of a post-Brexit UK will provide the same or a higher level of environmental protection as those in the original regulations?

I ask that as there are real concerns that a Government who have consistently seen “red tape” as a burdensome and unnecessary initiative will use this to lower environmental standards. We have to think only of the Government's attempt to oppose air quality standards; how they had to be brought kicking and screaming to produce a plan to bring emissions within EU limits; the dropping of promised legislation to reform water abstraction licences despite the pressures on water supplies from erratic weather patterns and the massive housebuilding programme; or the evidence in the repeal Bill White Paper, which states that the requirement in the Offshore Petroleum Activities (Conservation of Habitats) Regulations to gain an opinion from the European Commission could be removed altogether. While clearly there may be a need to make changes, the removal of the need to seek an independent opinion is not merely a technical change to allow the conversion of EU law into domestic law, and the use of this by the Government as a case study signals a threat to vital protections.

This is a time of acute anxiety in the countryside. Leaving the EU puts farming and agricultural businesses in huge danger, from potential disastrous tariffs on exports to cuts to the support that underpin farmers' livelihoods, and from an inability to find workers to harvest produce or care for livestock to new trade deals delivering cheaper products with lower standards for animal health and welfare. It is why Liberal Democrats believe that maintaining membership of the single market is fundamental to ensuring that British farming remains competitive. However, we also need early certainty about future support for farmers to replace the common agricultural policy, and I therefore welcome the commitment in the gracious Speech to legislate on both agricultural and fisheries policies.

We need to ally a new agricultural and land management policy to the provision of public goods: providing safe and healthy food, access to the countryside and building up natural resources such as water and healthy soils, delivering carbon storage and preventing flooding. There is no doubt that there will be pressure to divert the £3 billion that our farmers get annually away from agriculture. I noted that the Minister was careful in his opening remarks to say that the funding would be guaranteed only for the lifetime of this Parliament. Currently, the CAP gives to our farmers the equivalent of the sum of £48 a year for every citizen in Britain. We spent £215 for every citizen on administering central government management alone, so to me it would seem remarkably good value if a new

policy could deliver clear public goods while maintaining the support critical to sustain farm businesses, particularly those in environmentally sensitive areas, such as the uplands.

6.50 pm

Lord Colgrain (Con) (Maiden Speech): In this, my maiden speech, I should like first to pay tribute to my predecessor Lord Lyell, a Peer much loved and respected in this House. It is a great privilege for me to have taken his place. I also thank all those noble Lords who so generously elected me as a hereditary Peer, and who have greeted me warmly and with much encouragement, including those whom I had not had the previous pleasure of meeting. In particular, I should like to thank my noble friend Lady Chisholm, who has been mentoring me, for her guidance and counsel, as well as the officers and staff of the House, who have been generous and patient with their time, not least when, in my early confusion in attempting to navigate the byways and corridors, I have found myself having to ask them the same question more than once.

As a hereditary, I owe a debt to a forebear, in my case my great-grandfather, who was president of the British Bankers' Association and chairman of the committee of London clearing banks, positions he retained throughout the Second World War at the request of the coalition War Government. He was on the honours list of Churchill's caretaker Ministry, and his nomination was endorsed by the incoming Labour Government.

I have frequently been asked the same two questions since I first swore the oath. The first, "Have you been here before?", made me ask myself whether reincarnation was the subliminal message. I have understood subsequently that it was a reference to those hereditaries who had sat prior to 1999, and no, I am not of their number. But in one sense I have been here before: it was in 1972, with my grandfather, when I sat on the steps of the Throne. On that very day, the other place was debating Common Market membership, and it is a strange coincidence of timing that I shall now be privileged to bear witness to our withdrawal from the same.

The second question I have been asked is, "On what will you speak?". Here I feel on dangerous ground. When asked the same when embarking on my year as High Sheriff of Kent, I replied with unwarranted confidence and, diverted by the number and variety of interests put before me during that year, I singularly failed to stay on script.

I know that in your Lordships' House, there are a meaningful number of noble Lords who are experts on those subjects where I have a passing knowledge, but there are two areas where I hope to be able to make a contribution. I have spent the last 30 years recruiting in the financial services sector. Much of this has been in and for City of London-based institutions, and it has included a variety of firms located in other major global financial centres. I have been fortunate enough to bear witness to the great successes that were born from deregulation at the time of the big bang, as well as the self-destructive powers that were born from the same. As we move towards Brexit, passporting rights and other employment issues relating to the competitive position of the City, with its meaningful balance of payment contribution, will be an important

part of the negotiation, and there will be much sparring with continental financial centres. I have negotiated with them happily over the years on employment matters, and I look forward to helping maintain the City's pre-eminence in whatever way I can.

The second area where I have been engaged is the rural sector, which presents a Rubik's cube of issues as we approach Brexit. I must here declare an interest, as president of Kent County Agricultural Society, the chairman of a working agricultural charity and a partner in a family farming enterprise. We have allowed an extraordinary situation to develop, which would not have been allowed in any other commercial sector, whereby many rural business models are viable only as a result of subsidy payments. The rationale has been that subsidies protect those disadvantaged geographical areas that we wish to continue to be populated and farmed, and in addition farmers can be paid to support conservation and environmental initiatives.

As we move towards Brexit, the quantity of and qualification for these payments will no doubt be questioned, but I suggest that the discussion should take place against another background. The New Zealand model is referred to as a demonstration of how its farming industry, and its dairy sector in particular, coped with the abrupt closure of the UK market to it. But the opportunity for us, and indeed our responsibility, is to ensure a smoother transition over the next two years than New Zealand experienced, which will minimise the stress and tribulations to which our farming communities will be exposed.

There is always a sense when engaged on the land that you are battling with the divine as well as mankind. I say this with feeling as, having been in the eye of the 1987 hurricane and as a hands-on farmer who has recently suffered losses to Schmallenberg disease, as well as seeing the immediate landscape changing as a result of ash Chalara, I have experienced it all too immediately. But we should be able to address some of the bigger questions over which we have control, such as: does it matter that as an island we are now only 60% self-sufficient in food, and can we ensure that our farmers do not suffer the double blow of export markets closing at the same time as our domestic market is subject to increased imports from competitor countries with lower welfare and hygiene standards?

Twenty percent of our population live in rural areas, very few of them are directly employed in the rural sector, and those who are are ageing fast and their numbers are falling annually. Automation is not a panacea—nor should it be—and those dependent on seasonal labour, and the current uncertainties associated with their temporary work permits, which is a very real current concern for the vegetable and fruit growers of Kent, will tell you that the development of suitable machinery is some years away anyway. We must not take for granted an industry that is now extremely vulnerable.

To summarise, I bring two parallel careers, in financial recruitment and farming. There have been times in each when I have been unsure which is the sublime and which the ridiculous, but I feel privileged to have participated in both at times of exciting change, just as I feel privileged now to be a Member of your Lordships' House.

6.57 pm

Lord Borwick (Con): My Lords, when my noble friend Lord Colgrain asked me to follow his maiden speech, I had completely forgotten that he had not made one yet: quite a lot has been happening in Kensington recently.

Alastair Colgrain will make a fine Member of this House, as his maiden speech has proved, because he has that wide mixture of experience and skills that will enable him to thrive—not only experience as a financial services headhunter and farmer, but also early on as a policeman.

As a special constable, he told me that he was part of the line of coppers at the Trooping of the Colour, arm in arm holding back the crowds as they walked up the Mall to Buckingham Palace. I gather that two very young children, well trained by their parents that if they were lost they should find a policeman, toddled forward and grabbed Alastair by the knees. Holding tight to his trousers, they attempted to walk up the Mall, and were in danger of pulling down his police trousers, to the astonishment of the crowds and the amusement of his colleagues. His family motto is “Fac et Spera”—“Do and Hope”—an unusual motto for a banker, but perfect for this age of Brexit. We all welcome him.

In his Mansion House speech, the Chancellor said that,

“we must make anew the case for a market economy and for sound money”.

Unfortunately, he is right. Some young people have not yet got that point. Despite all the real-world evidence one could ever need, the results of the election and the recent campaigns on our streets show that there are still lots of people across the country who do not believe that free markets are a force for good. As well as making the case for free markets, it is also crucial that we do not react to the election result by simply turning on the taps, spending money we do not have. The budget deficit has come down from £152 billion in 2009 to £49 billion last year. That shows action was indeed taken by this Chancellor, and by his predecessor, to mend the broken public finances. However, it also shows that the job is not yet done. With more economic growth, we should be able to make further progress on this, and we should not be afraid to make the case for spending wisely. Public services need to be funded properly to ensure good quality, but we must also prioritise and save where we can.

Try as they might, no Government have taken more than 35% of GDP in tax in more than 50 years, according to the OBR. So if a Government want to massively increase taxes, we can conclude that people will take action. They can move elsewhere, or do less work. Calls for tax hikes to fund more spending are therefore misguided. We have probably hit the taxable capacity of this economy. We must remember that lower tax rates can actually bring in more revenue.

Corporation tax receipts are at record highs, tax rates having been continuously cut over the past few years. In fact, £56 billion came from corporation tax during the 2016-17 financial year. That was a 21% increase on the previous year. Let us not forget that in only

2008 the headline rate of corporation tax was 30% and it is now down to 19%. It is scheduled to be trimmed even more.

We know that much of the jobs growth has come from small firms and thriving entrepreneurs. It would be extremely damaging to hit those businesses with higher taxes. They would stop employing, stop striving and many may take their ideas and talents elsewhere. It is far easier to up sticks and relocate these days, and we should be encouraging entrepreneurship, not choking it.

7.01 pm

Lord Naseby (Con): My Lords, this is no ordinary Queen's Speech, due to two dimensions. First, there is Brexit, to which understandably every government department has to give priority for certainly the best part of two years. The other dimension is that the Session will last two years, which gives us an opportunity to tackle those areas of our society that, for one reason or another, the Cameron Government chose not to deal with.

I start with challenge number one—it is always best to start with something you know about. I have been involved in the housing market ever since I entered politics and stood in Islington North—dare I mention it?—in 1966. I was leader of the council and chairman of the housing committee. I have been a non-executive director of a construction company. Housing, I suggest, is issue number one domestically in this country. We have failed miserably in recent years, in Cameron's seven years churning out 123,565 homes per year on average. I was a junior housing Minister in opposition in Margaret's time, and just after that when she took power, we succeeded in building 190,000 a year. Now we need 200,000 to 250,000.

That means that we have to revitalise each sector, including social housing with its two elements. Clearly, local authority council housing has to be revitalised. We need to look again at the housing associations, which means that they must be given some resources and borrowing powers to get on and revitalise what they do so well.

We need to have a look again at new towns. I had the privilege of serving Northampton for nearly 25 years—a highly successful new town. Next door is Milton Keynes, which is equally successful, and down the road even dear old Stevenage did a pretty good job. It works, so let us see some new towns and consider that area.

Above all, one area that I feel really strongly about is young people. When I bought my first house in Islington for £7,000, I was given some help in getting the mortgage and even more help with a cash grant to put in a decent WC and water et cetera. I bought another one later on and did exactly the same. Young people need some form similar to that, and I am certainly willing to be a volunteer to help in that area.

Secondly, there is the challenge of energy. I served on the Select Committee on Energy. Our problem today is not messing around with the margin of cost—I do not know why we ever had anything to do with price caps, not least because Ofgem suggested they would not work. Today's challenge in energy is security of supply. We already have very limited gas storage

facilities, and we now read that the biggest field, the Rough field, is closing. On top of that, we know that Qatar is in a sense a problem for gas storage supply. We have to address that issue.

Thirdly, there is the challenge in industry and commerce. I highlight the retail trade. I have raised six Questions on the Floor of your Lordships' House about business rates, and only in the last manifesto did I read that the Government will possibly look at a proper reform of business rates. Did no one understand that if we put up business rates—by up to 500% for some shops—people will go out of business? We can see it in the high street. It is obvious that the rates are killing off the retail trade. There is a disparity between the charges for online retailers who use warehouses, who pay only one-eighth of what is paid on the high street. There is bound to be unfair competition. Added to that is the fact that there is supposed to be an appeals system, but that is not happening; it is not working.

Added to that, there is supposed to be a £300 million special fund to help, but here we are three months into the new system and the funds are there—they have been given to local government—but nobody has chased up local government to ensure that they have been distributed to the retailers affected. We were told in your Lordships' House that, basically, the change would be cost neutral, and I have discovered that Her Majesty's Government have received an extra £1 billion. That is not cost neutral, as far as I am concerned.

I end by saying that there is much work to be done on the ground. We need to look at competition policy and support for SMEs. If we are short of money—which we are—why not recognise that, if we actually got a grip on tobacco smuggling, it would save £2.8 billion. That is an awful lot of money, and maybe we should do a bit of digging and do something about that.

7.08 pm

Baroness Royall of Blaisdon (Lab): My Lords, I agree with the noble Lord, Lord Naseby, about the priority that we should give to housing.

Today's debate is taking place in the shadow of Brexit, which will have a profound effect on all the issues that are being raised today. The Brexit Secretary, the Foreign Secretary and the Trade Secretary bear a huge responsibility for selling the people of this country an economic and moral pig in a poke smeared in snake oil. Many commentators from the right and the left agree that the country is in crisis, with deep geographical, age, education and income divisions, and the measures set out in the Queen's Speech are too small to heal the divides and to make life fairer in this country.

I am ashamed that in 21st century Britain, which for the moment is still the fifth-largest economy in the world, inequality is rife. Inequality and a lack of hope are inextricably linked. That is why so many of our young people and their parents voted for change in this election. Labour's manifesto spoke to people's concerns about austerity, unfairness and the current economic model, which delivers for the few, not the many. It spoke to the burning injustices highlighted by Mrs May when she became Prime Minister but about which she has done little or nothing.

The high-level Business and Sustainable Development Commission produced a report, *Better Business, Better World*, which recognised that business should be at the very heart of a new, open, global economic model. This model should not only be low carbon and environmentally sustainable, but should turn poverty, inequality and lack of financial access into new market opportunities for smart, progressive, profit-oriented companies. I do not think the Government have read the report.

Such a model must also take proper account of the society and the communities in which businesses are working. The public and private sector at all levels must reflect multicultural Britain and make use of all the talent available, including those who still face conscious and unconscious bias. It cannot be right that, in the UK, citizen directors of colour represent only about 1.5% of the total director population; that 97% of senior leaders in central government are white; and that there are no non-white CEOs of London boroughs, despite the ethno-diversity of the London population increasing to over 40%. The Government, to their credit, have commissioned many good reports, but now is the time for action on diversity.

As noble Lords may recall, I am strongly in favour of a year of service. I strongly urge the Government, in the national contributions Bill, to use the Bill to amend class 3 national insurance credits so that they can be extended to those engaging in full-time social action. That would make a real difference.

Workers are absolutely key to a successful economy, but too many have terrible insecurity in their working lives, with part-time work, zero hours, the gig economy and low wages. Matthew Taylor's review of employment practices, mentioned by the Minister, will be extremely important in that context. I ask for the Minister's assurance that the Government will implement future recommendations that tackle the abuses of insecure work and end exploitation in the workplace. In some instances, exploitation has been exacerbated by immigration, but Mrs May's immigration targets are certainly not the way to deal with this, and would do untold harm to our economy and our public services.

Agriculture is historically a sector in which there has been exploitation of workers, but the Gangmasters and Labour Abuse Authority, the GLAA, has done much to mitigate the problems. However, the wider remit that it now has, together with fewer resources, means that, post Brexit, the situation for agricultural workers could worsen. There is also widespread concern among farmers, especially summer fruit and salad growers, that there simply will not be enough workers available to sustain their seasonal business. Will the Government take the logical step to reinstate the seasonal workers scheme, as well as provide increased resources for the GLAA?

People working in agriculture sustain our rural communities but, with lack of affordable housing, exacerbated by the 2016 housing Act, and low wages, younger people especially are moving away from rural areas. Labour is committed to reinstating the Agricultural Wages Board to underpin employment standards and wages, and I urge the Minister to make a similar commitment. The lack of high-speed broadband in rural areas is still a massive problem, and stifles

[BARONESS ROYALL OF BLAISDON]
 entrepreneurship. It seems that the Government have not rural-proofed their policies, including with regard to transport. The cost of buses in rural areas makes life difficult for many, not least students attending college. As the BMA pointed out this morning, local funding cuts have led to reduced bus services and patients unable to get to appointments.

I live in the Forest of Dean, and am immensely proud that, despite the Government's best efforts, the community has mobilised and we have a fracking-free area. We need a sustainable energy policy, which includes a ban on fracking, a practice which is harmful both for meeting our climate change obligations and for the environment.

I finish where I began. This country is deeply divided, and there is a growing sense of anxiety and frustration. No matter what the Minister might say, the measures contained in the gracious Speech will not enable our businesses and economy to reach the potential desperately needed at this critical time, and will not lead to the much-needed improvement in the lives of our fellow citizens. This Government are failing the country and failing its people, who deserve a more confident future, with hope for themselves and hope for their children.

7.13 pm

Baroness Featherstone (LD): My Lords, first, I would like to say what a pleasure it was to listen to the maiden speeches of the noble Lords, Lord Mountevans and Lord Colgrain, and I congratulate them.

The Government were clearly in some trouble in bringing forward anything much from their manifesto into the gracious Speech, so in their hour of need I thought I would offer some ideas that might find a majority of support in this House and, who knows, maybe in the other. There were slim pickings for my own portfolio, energy and climate change, and what pickings there were will not deliver our commitments to the Paris Agreement, despite the welcome recommitment to it, or to the sustainable development goals. There is a preamble to everything that we discuss: that is, to ensure that with everything connected with energy and climate change in the Brexit negotiations, the aim is to achieve something better than that to which we ascribe as full members.

The automated and electric vehicles Bill is very welcome, and no doubt my noble friend Lady Randerson will pursue the Government on it later this evening. I would simply say that we should be more ambitious and move quicker: ban all sales of diesel cars and small vans by 2025, introduce a scrappage scheme to get rid of the worst vehicles more quickly, and for goodness' sake use the conversion of lampposts into chargers. Yes, we would need to boost the grid, but renewable electricity is storming it right now. Make it super-convenient; that is the incentive for change that we need.

As I said, I was very glad to see the Paris Agreement in there, but where was the meat to deliver it? Not only are we not going to meet our targets, particularly on transport and heat, but there is no sense of a plan and certainly no sense of urgency. The UK's ambitious target of slashing carbon emissions by more than half

within 13 years is at risk because of a Government dithering on energy policy, as industry professionals have warned today. A survey by the Energy Institute, the professional body for the energy sector, found that four-fifths of their members believe that the UK is on track to miss the 2030 goal. We should be able to deliver 60% of UK electricity from renewables by 2030, and aim to be zero carbon by 2050, and I shall introduce a Bill to that effect in due course.

Our Act would set legally binding targets to reduce net greenhouse gas emissions by 100% by 2050, which is way more ambitious than the Climate Change Act 2008. If we do not get to 80% by 2040, we ain't going to make it, and we will never be able to deliver on our targets if we do not develop carbon capture and storage. It is just not possible. What are the Government doing in that regard, and what are they proposing on investment to incentivise entrepreneurs to produce what we need: cutting-edge projects in energy storage, smart grids, hydrogen technologies and offshore wind and tidal power? And for goodness' sake give the green light to the Swansea Bay tidal lagoon, please.

What of energy and energy prices? If we really want to help to lower bills, a cap will not do it. Improving home insulation and encouraging local renewable energy schemes will, combined with an ambition for 30% of the household market to have their needs met by entrant competitors by 2022. Take that, big six. When we build all the houses that the Government are promising, energy saving should be a top priority. The Government very stupidly removed the zero-carbon homes measure, but that is what would slash bills, cut emissions and boost jobs. Government reliance on fracking is so wrong-headed that I need a whole debate on that one. The change to the fundamentals on Hinkley since it was signed off have changed beyond recognition, making its viability extremely unlikely now. It is expensive and insupportable. Low-carbon services and low-carbon product markets are the economic miracle that we need. My goodness, we are going to need it with this knee-capped Administration, who are going to be too scared to say boo to a goose. It is worth trillions over the coming decades—creating jobs, not losing them. Please could this Government try not to undermine whole industries by moving goal posts, as they have done with solar, wind, and carbon capture and storage?

First and last, there is always the EU. Of course, Liberal Democrats want to ensure that the UK remains part of the single market and customs union post Brexit. I would rather that we did not leave, of course. But as we proceed, we want to hold the Government's feet to the fire on their promises not to resile from our commitments. We led the EU Paris Agreement, with Amber Rudd clinging to Ed Davey's coattails. We could lead the world on energy and climate change if we only had a Government who were brave, entrepreneurial, visionary and determined. Sadly, that is not the Government we have.

7.19 pm

Baroness Hollins (CB): My Lords, last week was Learning Disability Week, the focus of which was breaking down the barriers to employment and apprenticeships. Fewer than 6% of people with a

learning disability are in fact in work. For people with a learning disability, as for most people, work is more than a pay packet; it is also about self-esteem, independence and inclusion within society. However, there are benefits for business too. Mencap points out that people with a learning disability stay in their jobs three and a half times longer than their non-disabled co-workers, leading to savings on recruitment and training. Businesses that employ people with a learning disability report better staff morale and better customer satisfaction.

In their manifesto, the Government committed to support 1 million more disabled people into work over the next 10 years. Since the election, however, there has been scant reference to this target. I hope that the Government will recommit to it. I hope too that the Government will push ahead with the recommendations in the Maynard review on improving accessibility of apprenticeships for people with learning disabilities. Addressing transition from school and college must be a priority if we are to improve their employment opportunities. However, to do this we also need to improve things within social care so that people get the right support to get a job and keep it.

In the lead-up to the general election, there was much talk about the pressures facing the funding of care for older people, despite the fact that one in three social care users are working-age disabled people, of whom nearly 150,000 have a learning disability. With no mention in the Queen's Speech, or the accompanying documentation, of the pressures facing disabled people, there is concern that the forthcoming Green Paper in the autumn will focus entirely on older people and neglect working-age disabled people.

The Queen's Speech announced a long-overdue review of mental health legislation and a continuing commitment to parity of esteem for mental health. Reviewing the Mental Health Act and getting widespread agreement to reform will not, however, be easy. I strongly urge the Government to reconsider the criteria for detention for persons with a learning disability and/or autism. The current criteria allow such persons to be detained simply because they have learning disability or autism, in the absence of any associated mental illness. The current Act thus perpetuates the stigma and discrimination faced by people with these conditions. It compromises their ability to make decisions for themselves about their life. It provides a get-out clause for local authorities in that rather than providing adequate resources to support individuals in the community, especially those with complex needs, they can medicalise the individual's presentation and pass responsibility on to mental health services. Many people with learning disability and/or autism are detained in psychiatric hospitals, often far from home, for extensive periods, unable to challenge their detention successfully because they meet the criteria for detention by virtue only of their learning disability or autism, and will continue to do so. For people with learning disabilities or autism who have an associated mental illness, the criteria for detention could be applied in the same way as for those without those conditions.

I turn to transport. Currently, the cost of travel and the difficulties many people with learning disabilities have in using ticket machines in stations without ticket

offices, and in purchasing the right or most economical fare, prevent many people getting around and doing the things that we all take for granted. The Government could extend free bus passes for people with a learning disability to other forms of public transport, and to peak times so that people can travel to work-experience placements. A free travel pass might also prompt staff awareness of a person's need for reasonable adjustments, as required by the Equality Act. This could be extremely useful in busy terminals and transport hubs, and we could learn something from our American colleagues here.

I was pleased to see that there is now a Minister for Financial Inclusion, and I hope attention will be paid to the financial exclusion faced by many people with learning disabilities and to how banking might be made more accessible. In particular, I am thinking about the effect of local branch closures and the expectation, even by the Post Office, that everyone will be able to manage chip and pin, a significant problem for many people with learning disabilities, including the risk of financial exploitation and the possibility that they might not have the cash available to them to be able to use the ticket machines at stations.

There are cross-government opportunities to improve the lives and inclusion of the 1.4 million people in the United Kingdom with a learning disability. I look forward to working with Ministers and colleagues across the House on these important issues.

7.25 pm

Baroness Fookes (Con): My Lords, a number of noble Lords have been powerful advocates in this debate for various aspects of our national life. I will concentrate on another that so far has not received a single mention. I will give a few clues in the hope that at least a few Members of this House may recognise what I am about to speak about. This industry employs 300,000 people. It is worth about £10 billion to the economy annually, it has a very important role in bringing in tourists, including from within the UK, and it has a very important role to play in the health and well-being of people generally. I refer to horticulture. It comes under the aegis of Defra, but I fear that in the past it has always been a poor relation. I was therefore disappointed, but not in the least surprised, that it did not get so much as a mention in the gracious Speech. Nor has it been referred to so far in this debate, save when my noble friend Lady Neville-Rolfe mentioned homes and gardens and my spirits rose slightly, but that was all.

I want to insist that this is a very important aspect of our national life. Leaders in the horticultural industry have got together, and they have a number of organisations, one of which, a horticultural round table, has regular meetings with Ministers, and I hope these are still going on. I am making this point right now because it is very important that that continues to take place. They are not just whining and moaning; they are seeking to work with the Government on sensible policies that will be of benefit to both government and the industry. Sadly, it has not packed the punch of the big battalions because it is very disparate and that is one of its problems. There is gardening proper, nursery production, garden designers and landscape

[BARONESS FOOKES]

architects. On the scientific side there are botanists, those who look at pests and diseases and R&D. In many cases, the organisations are small: family firms, partnerships and so forth. It does not have that big punch, but I sincerely hope that the Government will take this on board now and in the future.

In the very short time that I have, I will touch on one or two of the myriad topics that I could mention if I had half an hour. First, there is a skills shortage. There are many organisations, including the National Trust, and many big contractors who have to turn down possible work because they do not have sufficient skilled people. We need to give far more attention to apprenticeships and right the way up to degree and post graduate work. I hope the Government will take that on board. My other beef is that very often the careers service and schools pay little attention to horticulture as a multifaceted career. To use rather vulgar parlance, the general attitude seems to be, "You only do gardening if you are so thick you cannot do anything else". This absolutely enrages me, because it is so unfair.

My second point is the issue of import substitution. We import numbers of trees and other plants, and cut flowers, when we could be doing far more to produce our own in this country. But, of course, when it comes to trees, you have to get them going, and that might take up to five years. In those circumstances, the people who will buy the trees have to give the tree producers sufficient warning. I refer particularly to HS2, where an immense number of plants will need to be planted to help the environment around the railway line. I hope that will be considered very important. We also need to import less because of the fear of pests and diseases. However, that is an issue for another day, since I see that my time is up.

7.30 pm

The Lord Bishop of St Albans: My Lords, I will confine myself to a few comments on agriculture and the environment. In doing so, I need to declare my interest as president of the Rural Coalition.

As regards agriculture and food, Brexit poses one of the greatest challenges to future food production. The UK produces some of the highest-standard food in the world and, indeed, some of the finest food. In our negotiations, it will be crucial that we do not sacrifice food quality, animal welfare or environmental protection as part of those multi-sector trade agreements which will form the foundation of future international economic partnerships.

The noble Baroness, Lady Royall, has already referred to agricultural workers. As reported only last week, soft-fruit and salad growers are already finding it hard to recruit the skilled workers they need to pick and pack the crops. A survey of the members of the British Leafy Salad Association and of British Summer Fruits revealed that almost a third of their respondents are already not sure whether they have enough seasonal workers for the start of the picking season this year. Researchers from Queen's University, Belfast, in evidence to the Lords EU Committee suggested that 98% of the seasonal horticultural workforce are migrants from elsewhere in the EU. Many successful businesses will

face a very uncertain future if the Government cannot produce some sort of seasonal agricultural worker scheme as part of the immigration plans. Defra and the Home Office will need to work in partnership to achieve a coherent approach and secure the economic future of rural businesses and the communities in which they are based. It is also critical that young people living in rural areas are given the skills, training and support they need to remain in, and contribute to, their local economy.

A new fishing Bill will be essential as the UK exits the EU, as we seek to regulate the access of foreign vessels to UK waters and determine our fishing quotas. However, I note with concern that there is no direct mention of the marine protected areas created by the EU birds and habitats directives in the documentation supporting the gracious Speech. These areas need to be maintained by UK law to ensure the long-term health of wildlife in the waters around Britain.

Finally, on climate change, the commitment in the gracious Speech to continued participation in the Paris Agreement is most welcome. This emphasises that the delivery of dramatic emissions reduction remains the core environmental policy adopted by the Government and will help provide stability and direction following the decision of the US to leave the agreement. Allied to issues of climate change are a number of other very pressing environmental issues, some of which have already been referred to, with around 40,000 deaths, for example, attributed to exposure to outdoor air pollution in the UK each year. I hope that the long-awaited clean air Bill will not remain absent from this extended parliamentary Session despite its exclusion from the gracious Speech.

7.34 pm

Lord Plumb (Con): My Lords, it is always a pleasure to follow the right reverend Prelate. I agree with everything he said. It is good that we have such interest in rural affairs and the countryside in its entirety. It is for that reason that I think we have all enjoyed the contributions made so far, certainly from colleagues who have just joined the House.

It is appropriate at this hour to concentrate for a few moments on the food and drink industry. As the Minister opened the batting, we were reminded that the economy is very much dependent on economic stability. That has to come first, and so it should. Industry is part of agriculture and agriculture is part of industry. The growth in agriculture in recent years has been phenomenal in the sense that the development has been due to technology and the ability of the younger people who are coming into the industry—and they are. Possibilities exist for yet more to be produced.

We already employ nearly 4 million people in the food and drink industry—14% of the population are involved in this sector—which generates over £100 billion-worth of product every year; all that in a volatile, uncertain, complex and ambiguous world. It is well known that farming knows how to be resilient, particularly against knocks of volatility.

I wish to raise an issue that I think is of great importance, as those who are dealing with Brexit start to come to grips with each other. Agricultural support post Brexit is not something in which the United

Kingdom will have a free hand—far from it. It is essential to understand that whatever the UK does must fall within the framework of rules set by the World Trade Organization. The reason the CAP has changed so radically over the years is not because EU politicians saw the need for reform but much more because successive world trade agreements made reform inescapable. I know what I am talking about because I have been heavily involved in that over the last 30 years. Therefore, the United Kingdom will need to be a full member of the WTO and its related customs conventions to permit trade to move smoothly, and this will have to be agreed before Brexit. WTO rules will be the crucial framework for both the United Kingdom and the EU 27. I would very much welcome the Minister's response on the possibility of involving the WTO in the talks that are taking place.

Of course, the UK will have decision-making on issues such as animal health, plant health, pesticides and genetically modified crops, but the rules will have to be acceptable to export markets if trade is not to be damaged. Consumer and environmental lobbyists are increasingly vocal about so many issues, such as animal welfare and pesticide use in countries that export to the United Kingdom.

The UK market is therefore itself vital for some regions more than others. We have just heard about the importance of making sure that we can grow, like others do, the horticultural products that are so important in this country. So we should and so we can. The UK market, which itself is of course so important, has to recognise that we are a trading nation, just as the others are, and we must take what advantage we can from it. This is therefore vital for many regions. One thinks, for example, of Welsh lamb going to France—we have had problems in the past. We frequently hear the comment that the EU will fall over itself to do a deal with the United Kingdom because the Germans want to sell their cars and the French want to sell their cheese. That is a pretty glib and unconvincing assumption. Nor is it obvious that all the countries which are supposed to be queueing up to do a trade deal with the UK as a whole are motivated entirely by philanthropic sentiments: for instance, the United States, Canada, Australia, New Zealand, Brazil and the like have their own interests. They will demand major concessions on products like beef, lamb, dairy products and pork. Such imports could drive down prices in the United Kingdom for the producer. It may be said afterwards, "It helps the consumer", but WTO rules would make it difficult to provide compensation.

So where do we go? That of course depends on what we want from agriculture. If all we want is food, it is pretty difficult to defend the expensive support we have had. I say that clearly, as one who has been concerned with it for so long. What we want is of course a policy that will stand up and be there for ages. It has to encourage efficient production—that was in the 1947 Act. We therefore continue with those demands. In short, we should simplify the payments system without losing accountability, change the area payments mechanisms—for example, should payments continue to go to landowners even for unfarmed land?—and pursue a more scientific approach to plant and animal health, including GM.

The last point—which I must make—must be hammered home. The Government must produce a simple scheme to permit migrant labour to work in agriculture. The horticultural sector—although not exclusively—is dependent on such labour. At present it is a huge uncertainty, and the Government could dispel that very simply indeed.

7.43 pm

Lord Morris of Handsworth (Lab): My Lords, I too pay tribute to the gracious Speech. It was of course delivered at a testing time for us all, but especially for those involved in the terrorist attacks and the fire at Grenfell Tower. In years to come, how will we remember that tragic fire? Will the Government at last recognise that management of the economy based on the principles and the models of austerity comes with a price? This debate on the economy therefore provides an opportunity to look at the price of austerity, which we debated on the Statement earlier today.

We have all asked how this tragedy could happen in 2017, in the richest local authority in the United Kingdom, one of the richest countries in the world—a country strong in its democratic liberalism. But the local community is best placed to answer that question. Some 90% of the residents at Grenfell Tower signed a petition asking for an investigation into the organisation that runs the building, but they were treated as troublemakers. Residents tried to obtain legal advice over safety concerns but were prevented from doing so. Why? They were priced out of justice by the cuts to legal aid. Many lost their lives as a result.

We have yet to discover whether financial cuts to local authority budgets affected the quality of management, repairs and the upkeep of the properties owned by Kensington and Chelsea Council. Last week the Government ordered safety checks on 600 high-rise blocks in England. On Sunday we were told that the 34 tower blocks tested so far in 17 council areas had failed their safety tests. Although we do not yet know whether existing building regulations were broken, as building inspections are ongoing, we know that three consecutive Governments, as a cost-cutting exercise, failed to introduce changes to the housing regulations. According to a BBC report, although there are hundreds of high-rise buildings in London, no appliance is currently owned by the London fire service that can ascend beyond 32 metres. The fire service had to borrow a 42-metre aerial platform from the Surrey Fire and Rescue Service so that it could meet its needs, which were for a nearly 70-metre high tower. Why? I suspect that austerity and deregulation is the answer.

The newly elected MP for Kensington, Emma Dent Coad, who was for 11 years a councillor in Kensington, recently described the disdain with which many of her constituents were treated. Emma described the slow but determined programme of privatising public assets in the area such as schools, libraries and community public space. This is a shared experience across the country. Similarly, the Government's economic policies, driven by austerity, mean that public sector workers are required to work longer hours in order to provide

[LORD MORRIS OF HANDSWORTH]

essential services while suffering severe pay restraint at less than cost-of-living increases. Is there anyone here who does not recognise that the economic cost of austerity falls on the poorest in our communities?

In 2016, the United Nations Committee on Economic, Social and Cultural Rights found reason to criticise the coalition Government as being in breach of their human rights obligations. The House will remember that it was the coalition Government who initiated the austerity programme in 2010. The UN committee said that it was “seriously concerned” about,

“the disproportionate adverse impact that austerity measures”, were having on disadvantaged and marginalised individuals and groups. It also emphasised problems with welfare reform, saying that it was “deeply concerned” about,

“the various changes in the entitlements to, and cuts in, benefits”, including the reduction of the household benefit cap, the four-year freeze on some benefits and the reduction in child tax credits. A year on from the report, the social outcomes of austerity today mean that the use of food banks, child poverty and homelessness are increasing. Yes, our economy has changed. We have changed from the casino economy to the gig economy, obviously with insecurity and the costs of poverty. We must and can do better.

The tragedy of Grenfell Tower and the years leading up to it have drawn attention yet again to the divisions in our country between those who exercise power and those who are marginalised by the abuse of that power. I, for one, hope and pray that the Government will come to their senses and recognise the damage being done to a large percentage of our fellow citizens by their one-sided austerity measures. Let us be clear: when we are told that cuts are essential, in reality that means tax cuts for the rich and benefit cuts for the poor. As we have seen, the socioeconomic tool of austerity has a price tag. Sadly, too often the price of austerity is the lives of our fellow citizens.

7.50 pm

Lord Cavendish of Furness (Con): My Lords, while it is always interesting to follow the eloquence of the noble Lord, Lord Morris, I wish that at some point somebody would explain to me how one can reconcile giving up austerity with keeping the national finances in good heart without endowing future generations with debt.

I should very much have liked to speak on many aspects of the gracious Speech but concluded that I would say one thing on one subject where I have the most personal experience and on which, incidentally, my noble friend the Minister was silent during his excellent opening speech. It concerns the SME sector of British business, which, I am told, contributes more than 80% of our output and growth. I have fears for its future, and these fears have been echoed by my noble friends Lord Inglewood and Lady Fookes.

First, I need to declare my interests. For most of the last 45 years, I chaired a family group of companies in Cumbria concerned with farming, forestry, leisure, mineral extraction, housebuilding and horseracing.

Although I have relinquished the chairmanship to my daughter, I remain on the board of these businesses. At no point over those last four decades has it been more difficult than it is today to maintain the level of investment that these businesses require. Fearing that I may have had problems of my own creation, I consulted widely with some 20 businesses in my area. Without exception, all told the same story. Nor this time can the blame be laid at the door of the banks, even if they have let some people down.

In a sentence, the cause of the problem is a record high burden of taxation, much of it through stealth taxes, the disproportionate effects of regulation and, added to those, a mean-spirited and unhelpful culture that has developed over time among the numerous public sector agencies that impact on our working lives. Those three things combine to squeeze margins to the point where investment carries unjustifiable risk. I want to be clear: this is not about personal taxation. The Government are plainly right to work remorselessly to restore the public finances to health—and I accept that all of us who can have a part to play there—but what they should not do is to cripple the sector that contributes so enormously to creating jobs and prosperity.

I wish to say a word on those three ugly sisters—or brothers, if you prefer. Ministers may, with justification, pray in aid numerous schemes and devices to assist the SME sector, but that does not alter the fact that today's tax take is at an all-time high—a point made by my noble friend Lord Borwick. Business has been vocal as to the impact that it carries in respect of business rates and national insurance contributions—that ill-named tax on jobs. Less well publicised are the regular hikes in the insurance premium tax, starting as it did at 5%, then rising to 9% and, more recently, to 12%. These are serious impositions and fall disproportionately on SMEs, which have less access than large companies to sophisticated financial advice.

Where regulation and employment law are concerned, it should be obvious that for myriad reasons they impact more heavily on SMEs than on larger concerns. To an alarming extent—I have personal experience of this—large companies lobby for increased regulation on the basis that they can afford complicated compliance, knowing that their smaller competitors cannot. An especially venal complicity on the part of the Brussels institutions has added to my conviction that Brexit is for the good. Brussels plays host to some 60,000 lobbyists, paid by large multinationals whose sole job, as far as I can see, is to obtain regulation that favours them and harms their smaller competitors. Perhaps my noble friend would add that to the list of unacceptable practices that he wishes to legislate against.

Finally, I must turn, with some sadness, to the present-day public sector culture, which I find damaging to smaller enterprises. It is worse among the supposedly independent agencies than among government departments, and it is conspicuously awful among the powerful monopoly utility companies. There has been a growing tendency over many years among powerful agencies to bully and harass those over whom they can exercise some control. The attitude might be summarised by the experience that members of the public have

nowadays when they visit a hospital. The parking they used to enjoy close to the main building has now frequently been given to the staff, and as often as not we are now sent considerable distances and have to pay for it. All change these days, I find, is for somebody else's convenience and never for mine. I even notice it in the Palace of Westminster.

Perceived hostility on the part of public sector organisations and the often slovenly service they give carries a huge cost. Planning is a powerful example. I could point to numerous examples of SME companies seeking to invest suffering endless delays for no good reason at the hands of planning authorities. What is so galling is that these people seem to have neither an interest nor an understanding of the harm they inflict on their own communities or of the good they could do by a simple change in attitude.

In my local community, I believe I have identified investment delayed or cancelled amounting to tens of millions of pounds. I also believe I have identified the reasons and given them to your Lordships. If those reasons can be addressed, I confidently predict that the sector will respond magnificently and produce still more jobs and tax revenues and enduring prosperity for all.

7.57 pm

Baroness Randerson (LD): My Lords, I am trying hard to be positive, so I start by welcoming the Bill on autonomous vehicles. However, I want to point out that across the world this is already a very crowded research field, with the US, for example, well ahead of us. What manufacturers want above all is easy access to sell their technology to EU countries, access to highly skilled employees in a flexible market and to co-operate across borders. It is called the single market. I hope this Bill is more ambitious than its predecessor, which was all about the insurance regime for automated vehicles. That is a necessary detail but unlikely to spark a revolution.

In the same Bill there are facilities for electric vehicles, which offer the Government a lifeline in the mess they are in on air quality. I agree with their proposals in the Bill, and I should declare an interest as the owner of an electric vehicle. However, the Bill does not go anywhere near far enough on this issue. As my noble friend Lady Featherstone pointed out, we need a much more comprehensive approach to air quality, and electric vehicles are just one piece of the jigsaw.

The space industry Bill is also welcome but the industry itself is jeopardised by Brexit. Restrictions on the movement of scientists and engineers, increased bureaucracy in the supply chain and the danger of being frozen out of EU space contracts are already taking their toll. I will give noble Lords an example: a new clause in the contracts for the last phase of the Galileo satellite navigation system specifies that the contract will become void if the supplier is no longer based in the EU. British companies are already talking of moving abroad.

I welcome, too, the commitment to phase 2A of HS2, but where oh where is Crossrail 2 in this Speech? I noticed that it was dropped from the Tory manifesto.

I hoped it might have been overlooked in haste, but clearly this is definite government policy. This is a vital infrastructure project if London and the south-east are to be able to combat the Brexit attacks on our economy. From these Benches, we will continue to press for a government commitment on this.

Missing too from the gracious Speech were drones. I say to the Government, with all seriousness, that they seem frozen into total inactivity on this. They should have learned from the Grenfell Tower tragedy that it is worth while paying heed to warnings. Week after week there are potential incidents on this. At some point something bad will happen.

Another serious omission is a review of the franchise system of our railways. It is time the Government committed to a radical overhaul of the franchise system. Southern Rail is simply an extreme example of the problems with the current system. It is time to put passengers first. The Tory manifesto, like the Liberal Democrats', committed to a rail ombudsman, but there is nothing in the gracious Speech on this. As we leave the EU we have to protect rail and air passengers' rights. An ombudsman will be the first step. Above all, we need an ambitious programme of investment in our railways. The gracious Speech is totally silent on any commitment to big new infrastructure projects beyond HS2.

Intertwined with this are the Brexit challenges that the transport industry faces. That industry has a sizeable reliance on the EU. A big chunk of it—Eurotunnel, the ferries, many HGV operators—exists solely to service travel and trade with Europe. It is not a matter of adapting to leaving the EU. If trade ceases to continue at the same or a very significant level, those transport industries will wither or even cease to exist.

We were told that this was a pruned back Queen's Speech, which, beyond Brexit, aimed to be uncontroversial. I argue that what was controversial was what was omitted. It was a Speech that lacked vision and ambition at a time when our country more than ever before needs a visionary and ambitious Government.

8.03 pm

Lord Curry of Kirkharle (CB): My Lords, I very much welcome the opportunity to contribute on the subject of agriculture as part of the debate. I declare my interests: I am a partner in a farming business in Northumberland and a trustee of Clinton Devon Estates, both of which are in receipt of the basic payment scheme and engaged in environmental stewardship. My other interests are listed in the register and include being chair of the National Land Based College.

There is no question that Brexit is the most important issue to face the agricultural sector since 1947. The agriculture Bill will be the most important since the 1947 Act. As has been said, it is an exciting time and an opportunity to shape our own destiny to create a set of policies that benefits agriculture and horticulture, our customers and our consumers; that contributes to our economy and our balance of payments; and that deliver environmental benefits, as mentioned by the noble Baroness, Lady Parminter. It will also help us to contribute to our climate change obligations. We also have an opportunity to recognise the important

[LORD CURRY OF KIRKHARLE]

contribution that agriculture can make to the nation's health. We must take the opportunity to design a holistic policy that embraces all these issues. I look forward to the debates on the content of the Bill.

I should like to emphasise three areas of concern. First, I want to stress again the importance of agriculture in the Brexit negotiations and endorse the comments of the noble Lord, Lord Plumb, on this subject. There continues to be a deep concern that agriculture is way down the ranking in the Government's priorities. I should add that the fisheries sector shares the same concern. The common agriculture policy—the “expensive failure”, as described by the Minister in his opening comments—has had a dominating influence on agriculture ever since we joined the Common Market, so these negotiations are crucial.

In addition, we are part of Britain's largest industry sector by a mile—it is even more important than the Minister described. The food industry is built on the foundation of the farming sector: agriculture provides the raw materials for our food processing and manufacturing sectors and much of the food service sector. Together they are far larger than the automobile, aerospace or exciting high-tech sectors that get much attention. Yet the agrifood industry is barely recognised in the Government's hugely important industrial strategy. Why is that? In education and skills, farming and food science subjects are not even recognised as STEM subjects. Why is that? This industry is increasingly a high-tech, innovative and professional industry. There is a need for government to acknowledge the importance of this, both in the negotiations and in the design of domestic policy. This is true also of the trade negotiations.

The Minister suggested, as many do, that abolishing the CAP will lead to cheaper food. I remind the House that consumers in Britain enjoy cheaper food today, in relative terms, than at any time in recent history. Food being even cheaper could have a serious detrimental impact on farmers' incomes. We do not want to be sacrificed in the trade negotiations to reach speedy and favourable agreements for other sectors of industry. I fully endorse the comments made by the noble Lord, Lord Plumb, and the noble Lord, Lord Colgrain, in his excellent maiden speech on this subject.

Secondly, I am deeply concerned about the relationship between the devolved Governments within the United Kingdom. I assume the Bill will address that issue. It is essential that we replace the structure currently provided by the CAP with our own UK structure that sets out a framework within which all four parts of the UK will function and, I hope, flourish. There will be a massive void when we leave the European Union. The House of Lords report from EU Sub-Committee D on Brexit and agriculture refers to this very real concern. Of course Brexit is, on the one hand, an opportunity to allow the devolved parts of the UK to design policies appropriate to their own priorities and circumstances. However, if this does not take place within an agreed UK framework, the result could be chaotic, cause massive tensions, and will potentially disrupt trade. I am aware that this will be a difficult issue, particularly with the Scottish nationalist Government, but it must be grasped and it is urgent.

There is much more I could say, but I shall finish on our competitiveness. The UK agricultural sector faces exactly the same challenge as our wider industry. Our competitiveness has declined relative to our main global competitors over the past couple of decades or so. This is a concern now but will be even more so in a post-Brexit world. We need to invest now—as a matter of urgency, in preparation for the challenge—in skills to project ourselves as an attractive and exciting sector with career prospects, and continue to invest in science, knowledge transfer and new tools and technology to raise our game. The sector is ready to respond, with new initiatives in place to help address this challenge, but so far has had little encouragement from the Government. We have a great science base in Britain, with world-recognised institutions. However, our recent record of transferring knowledge to give us a competitive edge has been poor. This cannot go on, because we are likely to face even greater global competition. We need government support for this. I hope the Minister will take note of these concerns and, as I said, I look forward to the emergence of the Bill.

8.09 pm

The Earl of Arran (Con): My Lords, in 2015 a former Conservative Party chairman said:

“Bureaucratic pen-pushers seem content to think it is OK to leave people in the countryside in the internet slow lane”.

The former Prime Minister, David Cameron, announced in November 2015 a proposal to introduce a universal service obligation to give people the legal right to a 10 megabits per second connection no matter where they lived. As noble Lords will know, that means the speed of delivery of broadband.

So what has happened? Not much. Why is this critical to the Government's agenda in the forthcoming Session of Parliament? The experience of the south-west of England, which is where I live, is perhaps typical of many rural areas in the United Kingdom. The problems are a combination of a slow rollout programme, poor download speeds, poor mobile signals and poor adoption rates—that is, people not taking advantage of the services that they have. Despite funding programmes from Europe and other initiatives such as the get-up-to-speed programme by Connecting Devon and Somerset, the south-west, including Devon and Somerset, performs badly in relation to the rest of UK for digital connections.

In 2014, the Heart of the South West local enterprise partnership area, which covers Devon and Somerset, was ranked 36th out of the 39 LEPs in England for the proportion of internet users with access to broadband speeds of over 30 Mbps. Only two LEP areas had slower download speeds. Somerset ranked 161st out of the 189 local authorities, with 59% of postcodes having access to such superfast services. Devon ranked 163rd, with 57% of postcode coverage. I am sorry to quote all these statistics, but they help to make the case. These figures mask even greater deficits in the rural areas.

Why is this so important? First, productivity is part of the critical agenda that forms part of the Government's industrial strategy. The south-west currently languishes 12% behind the average UK level of productivity. We know that, as a country, we are way behind other countries in the G7—20% behind France and Germany. However, there is a huge opportunity to improve output

by tapping into the growing army of new small and micro businesses. In the south-west, over the last five years 60,000 jobs have been lost from the public sector, yet unemployment levels are at historically low rates. The majority of these people are not now private sector employees, but have become self-employed and many work from home. Most have made this decision because of the power of digital access to national and global markets. This country, in particular the south-west, needs these new businesses, which are nimble and motivated. They are better able to adapt to the challenges of Brexit than many larger companies, but cannot do so without the essential toolkit of superfast connections, reliable mobile and improved services, such as 4G and 5G technology.

Secondly, there is the demographic time bomb. The south-west, like many rural areas, experiences net in-migration from urban areas. Currently, the predictions are that the south-west's population will grow by 400,000 by 2025. The sobering figure, however, is that only 65,000 of those people will be of working age. I need not spell out to noble Lords the pressure that this will impose on already stretched local authorities struggling to maintain health and social care services. Broadband is the unique opportunity to ensure that our ageing population can remain independent, self-supporting and even part of the drive for increased national productivity. Access to broadband could also mobilise another army of those who are no longer economically active—this time either as mentors able to use their life experiences to help the growth of our new businesses or even to establish themselves as entrepreneurs.

The prize is significant to UK plc. In a recent survey by Oxford Economics, it was estimated that digital capabilities within businesses are currently generating £123 billion in performance improvements across the economy, equivalent to 3.4% of total GDP. Companies project that over 1 million new jobs could be added as a direct result of enhancing their digital capabilities over the next two years.

The message is clear. We must finally ensure that this country, and particularly the rural economy, joins the digital age. It is not good enough just to provide the service: we need to ensure that we use it to harness its vast potential. The lack of progress so far is little short of a national scandal.

8.15 pm

The Earl of Caithness (Con): My Lords, I thoroughly enjoyed the speech of the noble Lord, Lord Mountevans. When I took my seat many years ago, a number of noble Lords said, "I knew your father". I did not know the noble Lord's father, but I knew his brother. He was also very interested in transport. I remember when I was Minister for Transport, we looked at the west mainline improvements together, as railways were his big thing in life rather than the noble Lord's naval and shipping interests. I was glad that I was Minister responsible for shipping on two occasions and I hope that I helped a little towards keeping the City where it should be.

Whether we separate completely from the EU, as the voters wanted in the referendum just over a year ago, or whether we are an appendage on the edge of Europe paying a large sum of money to be part of a

trading bloc but not having our feet under the table determining the policies, is irrelevant. What matters is the economy—James Carville coined the phrase when he was working for President Clinton, "It's the economy, stupid". So whether we are in or we are out, what really matters is the economy.

There has been a shift in the UK, as all parties now want more state intervention. The noble Baroness, Lady Jones, said "Spend spend" in her speech, completely forgetting of course that it was only seven years ago that the Chief Secretary from her party left government with a note in the drawer saying that there was no money left. The noble Lord, Lord Fox, talked about "Spend, spend" and even my noble friend Lord Callanan in introducing this debate talked about spending. But we need to be wary if Governments spend, spend, spend, because the national debt is still very large by recent historic standards and, relative to the size of the economy, it has grown.

Moreover, there are now more complicated issues to take into account for that. We have an ageing population, increased health spending, pensions and long-term care. We are incredibly lucky in this country, but at some point we have to sit down, like any good housewife running the household budget, and say, "Enough is enough. We have got to stop spending and set priorities". Does healthcare always have to be free at the point of use? If that is what is agreed, something else will have to be cut; otherwise, this country will go completely bankrupt.

Who pays the taxes for the Government to spend? A quarter of the tax that the Government raise comes from income tax, but only 50% of us pay it. That is good in one sense but not so good in another. It is quite right that the low paid are taken out of tax, and this Government have done more than any other to accelerate that, but it puts an extra burden on those who are paying tax. During the campaign, Mr McDonnell said that he wanted to squeeze the rich because the poor were overtaxed. He has only to look at some of the statistics to realise that it is actually the rich who have seen their tax burden increase hugely over the past 20 years in comparison with the poor. Therein also lies a problem, because the rich are not necessarily on fixed salaries, and they move. If Mr McDonnell wants to squeeze the rich, as Mr Healey did, entrepreneurs and those who pay taxes will leave this country. That will do us no good whatsoever.

When we look at the UK workforce, it is important to realise that fewer than one in 10 people are working in manufacturing and even fewer in construction. The biggest growth in employment over the past 20 years has been in public administration, education and health. That all has to be paid for by other people earning money and contributing to the economy.

There is an unfairness in the tax system. We in this country pride ourselves on being fair, but there is a gross unfairness. If you take someone earning £40,000 as an employee, he will pay around £12,000 in tax. If he is self-employed, he will pay around £9,000 in tax. If he is an owner-manager, he will pay around £7,500 in tax. That is inequitable. Are the Government looking at this issue? I know that the Matthew Taylor report is yet to come. When is that to be published, because this

[THE EARL OF CAITHNESS]

area does need to be addressed? The Government are losing what is potentially quite a large sum of money. Will the Government also look at national insurance contributions again? What are they going to do about the loss of revenue that I have mentioned?

I conclude by turning to a subject that is closer to my heart, which is agriculture and fisheries. I am delighted with the Bills which have been proposed. At the moment, farmers are in an extremely difficult situation. They know the market within the common agricultural policy, but they have no idea what is going to happen in the future. When does my noble friend expect the Government to publish their 25-year plan for farming? A stock farmer is now putting cows into pregnancy to produce calves that will be fattened up for beef to be sold in a market that he has no idea of what it is going to be. We do not know whether we are going to be in or out of the EU or what rules will apply. Farmers are potentially at huge risk. There is a high chance of either an oversupply or a shortage of food. I hope that the two Bills which are to come before us on fisheries and agriculture will go some way to reassuring these people because they are absolutely key to maintaining the countryside as the nice environment we all want. We look forward to receiving them in this House soon.

8.22 pm

Lord Kirkham (Con): My Lords, reflecting on Her Majesty's gracious Speech, I was struck by the extraordinary scale of the challenge being faced by our Government over the coming Parliament. However, I was greatly encouraged to see that, alongside the dominant theme of Brexit, the commitment to developing the skills of our future workforce has not been lost. Our industrial strategy will ensure not only the creation of high-skilled, high-wage jobs but will develop the skilled workforce we need to fill those jobs, be they in big business, small business, high-speed rail, low-speed rail, electric cars, outer space or to build the houses that my noble friend Lord Naseby and the noble Baroness, Lady Royall, want.

I realise that many of us in this fine place, with the exception of those who arrive through the old hereditary principle, know a bit about social mobility. As a consequence, like me they will welcome the proposal to reform technical education. These reforms will undoubtedly build on the commitment of successive Governments towards establishing parity of esteem for practical, technical skills through apprenticeships—skills beyond those that improve academic performance.

The creation of the new-style apprenticeships is shaping up to be nothing short of a revolution: a far-reaching change in the way in which we educate, motivate and upskill our young people and even inspire older workers to be more ambitious for their future careers. It is generally accepted—it is pretty much common knowledge—that the UK is experiencing a skills shortage, as my noble friend Lady Fookes mentioned earlier, with businesses across the board reporting difficulties in recruiting and developing young talent. Consequently, the creation of the Institute for Apprenticeships, made up of employer and industry

experts from all sectors under the leadership of Antony Jenkins, provides a beacon of hope. It is an encouraging sign that we might bridge our nation's skills gap and make social mobility a real prospect for young people struggling to get a start in life. I applaud the institute's initiative to engage business leadership in a commitment to provide quality training to robust standards to millions of our young people.

Technical competence is, of course, critical for a high-skilled, high-wage workforce. High skills are vital if we are to compete effectively in the tough, global world of commerce and industry. However, we must take care to ensure that we match that technical competence with the rich personal life skills that are necessary to equip our young people to be active citizens, enthusiastic and able team players and fulfilled human beings, not automatons.

My experience of achieving the perfect storm of youth development wins has been through the work of the Duke of Edinburgh's Award in supporting the apprenticeship schemes of many enlightened and successful companies, including household names such as British Gas and Royal Mail. At this point, I should declare my interest as chairman of the highly successful Duke of Edinburgh's Award programme that last year, in 2016 its diamond anniversary year, had a record 420,000 young people actively working towards achieving an award.

Key corporate supporters of the Duke of Edinburgh's Award have recognised that the classic D of E programme, when added to their own apprenticeship development programmes, produces not only an unrivalled result for their young recruits but measurable bottom-line benefits to their businesses, too. These companies discovered that apprentices who achieved the D of E gold award also displayed greater commitment to their employer and were more often fast-tracked and promoted than their peers. They also demonstrated self-confidence, self-motivation, commitment and that they cared—they cared about themselves, their communities and the businesses that employed them. Those businesses, incidentally, experienced higher retention rates, too.

My hope is that, as the shape of the new apprenticeship evolves and the impact of the significant additional financial resources business is contributing via the apprenticeship levy is felt, a place will be found for vital life-skills development alongside those critical technical skills. Employers are telling me that their hope is that they can apply a small element of their levy fund to enable them to introduce a proven programme, such as the Duke of Edinburgh's Award, to fully round off and complete the apprenticeship experience.

This Government are a strong advocate of young people, and continuing government support and incentives are key in helping encourage business to provide the ladder of opportunity that develops ambition. If the UK really is open for business, then a first-class workforce and first-class management in those who direct them is fundamental for a first-class commercial trading nation. There is no more important priority for this or, indeed, any Government than promoting economic and social policies that allow every citizen of the United Kingdom to make the most of their abilities

and talents because, for sure, jealousy, division and anger flourish in an environment where people feel deprived and excluded from the possibilities of personal improvement.

I commend the Queen's Speech for its focus on what matters in these challenging times—promoting actions that unite rather than divide us. I am delighted that the development of our young people's work and life skills, so essential for prosperity and happiness, remains in sharp focus for our Government.

8.28 pm

The Lord Bishop of Portsmouth: My Lords, the Prime Minister has spoken of the awful events of recent weeks as signs of a society not at ease with itself. Yet amidst the tragedy and the pain, we see hope and the victory of hope. We have seen a remarkable depth of love and shared resolve, especially between faiths. We have been deeply moved by how people have responded to evil with generosity, openness and humility. I was struck by the force and feeling with which the Prime Minister used that last word in the debate in the other place on the gracious Speech. Humility is not a term frequently associated with politicians by the public. True, circumstances have left the Government with little choice but to take the humbler part, but that is no reason for cynicism. A practical consequence is that we face the prospect of a two-year Session in which these discussions will take place. There are good reasons to deprecate departing from the annual cycle, but my hope is that it will also mean proper debate, detailed scrutiny and looking at issues from all sides and angles. If that is what humility looks like, in my view it is a price well worth paying.

Yet I have no sense that we will have a minute to spare. Brexit takes the lion's share of the programme—an event one commentator described as the Heffalump of the programme. I fear they are mistaken. From my studies of *The House at Pooh Corner*, I am reminded that the Heffalump is an imaginary creature who inhabits the dreams of Pooh and Piglet. Brexit is all too real and, for some, a nightmare rather than a dream. The terrible irony is that most of the legislation we will consider is designed to enable us to do outside the EU what we do within it. We are transferring power and an existing body of law from one institution to another. We find ourselves a little like Alice, told by the Red Queen that,

"it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Well, we might have to run even faster than twice as fast, especially if tonight we are to rise at the expected time.

The Prime Minister also commented on how the Brexit vote showed that,

"our country often does not work the way it should for millions of ordinary families. This Queen's Speech begins to change that, by putting fairness at the heart of our agenda".—[*Official Report*, Commons, 21/6/17; col. 57.]

On that admirable sentiment I must own to doubts—doubts that the measures we will consider answer such a clarion call; doubts not necessarily in terms of intent, but in the modesty of ambition, which matched the modesty of the trappings for this State Opening.

The programme certainly contains measures—worthy, admirable measures—which will do good, but how much will they transform or even just improve the lot of the people of a city such as Portsmouth or the challenged rural and coastal areas of the Isle of Wight, whom I serve? The measures on domestic violence, debt advice and insurance fraud are cases in point. They are good measures that will make a difference but they are discrete, aimed at a single issue. Similarly, on capping energy bills, it is good to see action being taken, and I welcome the focus on the most vulnerable customers, but what we have before us does not accord with the robust line taken until very recently.

Doubts are alarming things for the clergy, perhaps all the more so for a Lord spiritual. So it is my most earnest hope that the Minister tonight and the Government over the next two years will assuage my own doubts, and that we will indeed see this legislative programme, this Parliament and this country working with humility for millions of ordinary people up and down the land.

8.33 pm

Baroness Noakes (Con): My Lords, we are facing a two-year Parliament dominated by the legislation that will implement the historic decision taken by the British people last summer. This is an awesome task but I hope that this House will stick to its core competence of scrutinising and improving legislation and will not try to change that legislation's intent.

The task of dealing with the legislation for our exit is so immense that there is not much time left for other legislation. That is a very good thing. Obviously, we have to have the Bills related to exiting the EU. The next priority must be to keep citizens safe from harm and I welcome in particular the proposed legislation on domestic violence and abuse, and on digital safety. However, we should be sceptical about the need for any more laws. It is not clear to me that all the remaining Bills are worth while. I will single out just one. In the previous Session, we had HS2 legislation, and I pay tribute to the noble Lords who did hard labour on the special Bill Committee. Now we are promised another HS2 Bill. I remain unconvinced about the project. It is not clear that its benefits outweigh its massive costs, which are on some estimates up to £200 billion. That is on top of the disruption and destruction that will be part of the project. It is not too late to change course on HS2; there are far more deserving homes for the taxpayers' billions.

Today's debate includes economic affairs, and that is the focus for my remaining remarks. If we had believed the forecasts that the Treasury produced as part of "project fear" last year, our economy should now be in recession. Wrong—our economy has continued to grow. Although that growth slowed in the first quarter of this year, the outlook is not gloomy. For example, the CBI reports that the UK's manufacturing order books are at a 30-year high. The Treasury said that unemployment would jump by half a million. Wrong—unemployment has continued to fall and employment is at a record high. The Treasury said that foreign investment in the UK would fall, but there is no sign of that happening and a number of significant corporations have recommitted to investing in the UK.

[BARONESS NOAKES]

Of course there are some issues, and rising inflation is a problem in particular for households that face lower income growth, but the long-term outlook for the UK is still positive, with signs that many non-EU countries are keen to enter into new trade deals that will take effect when we leave the EU. We have always been a great trading nation and I look forward to the Bills on trade and customs that will underpin our ability to forge our own trading destiny in the future.

As other noble Lords have reminded us, we must not forget that a large fiscal challenge faces us. Debt is expected to peak at just short of 90% of GDP, and the previous Budget paved the way for an even longer timeline for removing the deficit. We cannot wish away those facts of life. More than anything else, we need to stimulate economic growth, which is why building the foundations for international trade will be so important for us.

The gracious Speech had little to say on economic growth beyond legislation that relates to electric cars and commercial satellites. That is good; Governments cannot legislate for growth. The most important thing that they can do is create an environment where businesses can prosper. Tax is an important part of that environment. Corporation tax rates are on a path towards 17% and I applaud the Government for that commitment. We need companies to invest and grow, and success should not be penalised. However, we still have tax rates on individuals that are too high at both ends of the spectrum. The top rate of 45% is uncompetitive and is above the EU, OECD and global averages, and some marginal rates are even higher. At the bottom end, the Government rightly claim credit for the basic rate threshold of £11,500, but the ultimate stealth tax of national insurance still kicks in at about £8,000 per annum and at a rate of 12%.

Tax is not just a question of rates; it is also about complexity, and we have one of the most complex systems in the world. Low tax rates have been proven to raise yields, but one does not have to be a devotee of the Laffer curve to believe that pervasive low rates, together with a system that was stripped of complexity, would hugely boost our economic strength. I commend that to the Government as something to complement their huge efforts to promote our nation's economic good health.

8.40 pm

Lord Truscott (Ind Lab): My Lords, it is a pleasure to follow the noble Baroness, Lady Noakes. I agree with much of what she said, particularly on HS2. I also commend both noble Lords who made excellent maiden speeches today.

In speaking on energy today, I declare a non-pecuniary interest as vice-chair of the All-Party Group on Shale Gas Regulation and Planning and as a former UK Energy Minister.

Comparing the recent Tory manifesto to the gracious Speech, I am somewhat perplexed by Her Majesty's Government's invisible energy strategy. If this is what strong and stable government looks like, I can only be grateful that your Lordships' House avoided a coalition of chaos. For example, media reports before the gracious

Speech said that the Government had abandoned their commitment to UK shale gas development. I hope that the Minister—who is not in his place at the moment—can reassure or otherwise the House, at least until the next U-turn.

The Conservative manifesto stated that legislation would be introduced to permit non-fracking drilling as a permitted development; major shale planning decisions would be the responsibility of the national planning regime; there would be a new shale environmental regulator; and there would be changes to the proposed shale wealth fund. Now these are all apparently out of the window. Are Her Majesty's Government still committed to shale in England, have they been won over by Labour's argument that fracking should be banned, as it is in Wales, Scotland and Northern Ireland, or do they simply believe they cannot get the legislation through Parliament?

The Queen's Speech mentions nuclear safeguards and proposals to secure critical national infrastructure. Can the Minister enlighten noble Lords about how this will be achieved post-Brexit? Again, the Government seem vague about attempts to protect the UK's critical infrastructure. Just last September, the Secretary of State for Business, Energy and Industrial Strategy stated that the Government would reform the legal framework for future foreign investment in our critical infrastructure, including nuclear energy. The Tory manifesto said:

"We will ensure that foreign ownership of companies controlling important infrastructure does not undermine British security or essential services".

The Minister briefly referred to this, but when will we receive the details? Concerns about Chinese involvement in Hinkley and Bradwell on security grounds have been widespread, but in the Queen's Speech of this there was not a whisper.

Incidentally, as previously mentioned, a recent National Audit Office report said that the Government's plans for a new £18 billion power plant at Hinkley Point were "risky and expensive". As the UK's ageing nuclear and coal plants need replacing or substitution by around 2030, the UK's reliance on imports has returned to levels not seen since the mid to late 1970s, before production from the North Sea took off. My fear is that the Government do not really have an energy policy and certainly do not have a grip on the issues. A commitment in the gracious Speech to electric cars is welcome, but it is not a substitute for a low-carbon energy strategy. Perhaps it is time for a new energy White Paper. There has not been one for a while.

As mentioned by the noble Lord, Lord Naseby, Britain's largest storage site for natural gas, owned by Centrica, is to close permanently, leaving the country more dependent on imports and price volatility. The situation is so precarious that a committee of your Lordships' House advocated varying the pace of carbon emissions up to 2050 to keep the lights on.

While the gracious Speech commits the UK to tackling climate change and the Paris agreement, few independent experts believe the country can hit its emission targets. The noble Baroness, Lady Featherstone, commented on this point earlier. The Committee on Climate Change stated that current policies are likely

to deliver at best around half the required UK emissions reduction from 2015 to 2030. A new emissions reduction plan has yet to be published. Can the Minister tell the House when its publication is likely?

I do not think the Government are treating cybersecurity with the seriousness it deserves. Where was the reference to this in the Queen's Speech? We have already witnessed recent attacks on the NHS and Parliament in this country alone, with attacks also against the US, Ukraine and Iran, among others. The Stuxnet worm was used effectively against Iran's nuclear power stations. Researchers are now warning the Industroyer virus could bring down power networks in their entirety or lead to our power grid being controlled by either criminals or a foreign nation state. The Cambridge Centre for Risk Studies estimates a cyberattack on the UK's regional electricity distribution network would cost between £12 billion and £86 billion.

The powers and ability of the National Cyber Security Centre to deal with an attack of this nature are frankly insufficient. It does not have a statutory role and cannot enforce its recommendations. The National Cyber Security Strategy is muddled and unclear, particularly regarding the private sector, which owns most of the UK's critical national infrastructure. The clock is ticking, but the Government appear paralysed.

8.45 pm

The Duke of Wellington (Con): My Lords, I wish to speak on only one of the several proposed Bills related to our leaving the European Union—namely, that on agriculture. I declare my interests in agriculture as detailed in the register of interests.

I welcome the proposed agriculture Bill. I congratulate the noble Lord, Lord Gardiner, who will presumably be responsible for taking it through this House, on his reappointment to the Department for Environment, Food and Rural Affairs. The farming industry will be one of the most affected by the decision to leave the European Union, and an agriculture Bill is necessary. But the terms of our departure will determine what level of support will be necessary in the future. As 75% of our agricultural exports go to the European Union, tariff-free access to the EU will be essential for all British farmers. Until we know whether this can be negotiated, farmers cannot plan their breeding and cropping programmes, and the Government and the devolved Administrations cannot formulate the required support systems.

Certain types of agriculture are heavily dependent on seasonal labour, as a number of noble Lords have mentioned. Most of this seasonal labour comes from the EU eastern European countries, and at the very least it will be necessary to go back to an equivalent of the seasonal agricultural workers scheme so that fruit and vegetable farms can pick their crops in a timely fashion. It would be helpful if Ministers could very soon make announcements about the future ability of British farmers to recruit seasonal workers from overseas. Of course, there are also large numbers of EU citizens already working on a full-time basis in agriculture. I welcome the publication today of the Government's detailed proposals for EU citizens already working here.

Then there is the question of financial support. In the previous Parliament, the Government had guaranteed payments to farmers under the common agricultural policy up to 2020. During the recent general election, the Conservative Party stated:

“We want to provide stability to farmers as we leave the EU”.

That is indeed mentioned in the summary of the proposed agriculture Bill, but the manifesto also stated:

“So we will continue to commit the same cash total in funds for farm support until the end of the parliament”,

which I assume now means 2022. I therefore hope that Ministers will legislate this commitment in the forthcoming agriculture Bill.

It is sometimes suggested that farming does not need or deserve the amount of taxpayer support it receives. In this House, many noble Lords from all sides understand that many farming businesses, especially livestock farms, are not sustainable without financial support. That is particularly true in the less favoured areas of Scotland, Wales, Northern Ireland and the north of England. There is an enormous difference in profitability between a large arable farm in Lincolnshire and a livestock hill farm in, for example, Wales or Scotland. Most of these livestock farms are family farms that are important in many ways to their local communities.

My plea to Ministers is as follows. A new agriculture policy must be devised as quickly as possible. We need food security, remembering that only 60% of our food is home-grown. We need to care for our countryside and the environment. We need to provide safe and healthy food for consumers. We must improve the quality of broadband in rural areas. We must sustain our large food processing industry, which is heavily dependent on home-grown raw materials. However, my overwhelming concern is for the social fabric of country communities, and one of the best ways to preserve that fabric is to sustain the family farms of this country. I urge the Government to be mindful of that as they construct a new policy for this country's agriculture.

8.50 pm

Lord Cotter (LD): My Lords, time is precious today, but I think others would agree that there is very little in the gracious Speech specifically about business, so I want to raise points especially affecting small business.

A major concern relates to the late payment of debts, something that I have campaigned on for many years but which remains a big problem. It has been reported that as much as £260 billion of SME turnover is locked up in late payments. An alternative figure is that one-third of payments to SMEs in the UK are late. This situation, which many small businesses face, has not been resolved. The Government have come up with many ideas over the years, but it is a continuing problem. Indeed, tens of thousands of businesses fail every year because of cash-flow problems. I ask the Minister to look again at the problem to see whether he can come up with appropriate ways of dealing with it, because it is not just businesses that are at fault; I want the Government to look at their payment practices, and local government also needs to be addressed in that respect.

[LORD COTTER]

Another point that needs to be addressed is the concern referred to earlier today about the availability in this country of necessary skills, which has become a continuing problem. Many colleagues have talked about the need to welcome people from other countries into this country to provide the skills that we need. It is important that we emphasise the importance of the skills that are needed as well as the quality of the technical education that is necessary to address this problem. That has been raised many times in connection with careers advice, another issue that I and other colleagues have raised and that, to be fair, the Government have tried to address. However, I assure colleagues here that careers advice and guidance throughout the country is not consistently as good as it should be. Young people need encouragement. They should be given opportunities to get skills—apprenticeships are an important area here—and encouraged to get them. When I left school I did national service, and I have been in business all my life. One company that I worked for was a “them and us” company, and the workforce was not encouraged to be encouraged, if you like. So I very much believe that careers advice and guidance is very important to give young people the encouragement that they need.

Other points have been raised. Briefly, the Government have talked about export and the need for trading overseas. That is often referred to and we all say, “Oh, yes”. The practicalities of it relate to Brexit, of course, but also—I have some experience of export with my small firm—to whether the quality of the diplomatic corps in its representation in different countries throughout the world is of the necessary calibre to help those business people who want to export to do so.

I hope that the Government will address those points and the many others that need addressing in relation to small business in particular. Many colleagues, including the noble Lord, Lord Naseby, have referred to problems with business rates and such like. I hope that we can address them.

8.56 pm

Lord Framlingham (Con): My Lords, I make no apology for returning to the vexed question of HS2, as this ridiculous scheme is getting under way. Demolition is starting, burial grounds dug up, trees felled and communities disrupted. The utmost pressure must be kept on in the hope that government common sense will prevail and an urgent review will be ordered.

I begin with the title of a comprehensive article written by the journalist Simon Jenkins, which traces the history of HS2, entitled, “HS2: the zombie train that refuses to die”. He wrote:

“It is the most extravagant infrastructure project in British history—but nobody can say why we need it. How did HS2 ever get so far?”—

a question we must ask ourselves and, depending on the answer, take the necessary action. Even at this late stage, it can be halted. The London garden bridge, another vanity project, has been reviewed and is unlikely to go ahead, despite the considerable sums already spent on it.

It is difficult to comprehend the enormity of the folly that is HS2. It is so monstrous that most people simply cannot believe it. On 31 January this year, I moved an amendment to the Third Reading of the HS2 Bill that would have put an end to it. Most of your Lordships voted against my amendment, while telling me privately that they agreed with it, but 26 Members of this House voted with me to stop HS2.

Were these 26 ill informed, or were they perhaps the best-informed Members of your Lordships' House? Two of them were former Permanent Secretaries to the Treasury. Terry Burns, the noble Lord, Lord Burns, saw HS2 at first hand under Gordon Brown, and the noble Lord, Lord Macpherson, studied it under David Cameron and George Osborne. Both of them were so convinced of the case against continuing that they voted to stop it even at that stage.

Every dispassionate observer who is properly qualified and experienced in our railway system is opposed to it. A long list of railway experts who have no axe to grind have written to Ministers pleading for a meeting to put their case to help the Government to understand the dangers. They have been rebuffed.

Every supposed benefit of this project, including speed and capacity, has been comprehensively taken apart by those professionals, who really know what they are talking about. The noble Lord, Lord Darling, when he was Secretary of State for Transport, was so worried about the scheme that he commissioned a no-nonsense report from Sir Rod Eddington, the former boss of British Airways. Eddington's report, which was published in 2006 was emphatic: this kind of scheme was wrong in principle and should not be undertaken. His report was enthusiastically welcomed by the Secretary of State and officials in Whitehall.

A critical report by Sir Jeremy Heywood in 2016 has not yet been made public. I wonder why. A consultant in this field, Michael Byng, was commissioned by the noble Lord, Lord Berkeley, to scrutinise the costings of HS2. His results showed that the scheme is likely to cost twice as much as the original estimate. We are talking about unbelievable amounts of money. The forecast cost was £56 billion, now thought to be nearer £70 billion, and some say eventually £100 billion.

I am reliably informed that for the price of HS2 we could rebuild and re-equip every hospital in England and Wales. Today we launched our new aircraft carrier HMS “Queen Elizabeth”, which cost £3 billion, described as an astronomic sum. In HS2 terms, it is peanuts. This scheme will last for years, a running sore constantly reminding whatever Government are in power of the massive mistake that was made through sheer obstinacy and an unwillingness to listen. It will be an ongoing financial and environmental nightmare.

Serious disruption will soon start in Camden despite the fact that there are still uncertainties surrounding how the scheme will work in the area. Homes are to be demolished, burial grounds dug up, businesses disrupted, and mature London plane trees felled. The Woodland Trust tells us that, further afield along its route, 63 ancient woodlands will be lost or damaged. This entire project is not worth the life of a single tree.

To defend the indefensible, HS2 is reported to be employing 17 PR firms to sell its case—gravey train upon gravey train. One firm is reported as being paid

£280,000 to extol the virtues of HS2 to primary schools along the route. There is a constant stream of reports of hirings, firings and squabbling over contracts by those seeking a slice of the huge sums involved.

What we need, and what we must have before things go any further, is an urgent, open, Treasury-led review of the situation with proper professional independent advice taken and listened to. What harm can that do? What are people afraid of? Perhaps it is the truth. Surely, when such huge amounts of public money are being spent and such immense damage is being done, both to our urban environment and our countryside, it is vital to get at the truth.

9.01 pm

Lord Haskel (Lab): My Lords, the gracious Speech and many noble Lords have spoken of a new, modern, industrial strategy. I welcome this, because we need one. How can the Minister speak of strong fundamentals when after eight years of unprecedented fiscal stimulus from the Bank of England and eight years of austerity, we are still nowhere near balancing our books? Real incomes have fallen, our standard of living has fallen, and productivity has been virtually static. It is a fantasy that we can go on like this. In these circumstances, the industrial strategy should reflect our values of fairness as much as they reflect our ambitions to grow and prosper—a strategy that unites us. Even the Prime Minister has indicated a nudge in this direction.

So, how do we do it? The obvious place to start is the industrial strategy Green Paper issued in January. A lot of work has gone into responding to this and it really has the possibility of being a creative alternative to austerity. Consultation has been wide and it involved many parts of industry. Indeed, it involved a number of people from your Lordships' House. Not least is the suggestion that the strategy should set tough targets for productivity and create a regulator to monitor and stimulate progress—a kind of productivity OBR. For instance, much is made of the matched funding available in the innovation fund. But that will be of value only to the incumbents who have the money to do the matching. Will the Government leave the funding to organisations such as Innovate UK to make judgments and not just reward those who can afford it?

In many fields, artificial intelligence is already superior to our own. Business will profit from recognising that fact, and encouraging this has to be part of our industrial strategy. Equally, part of the strategy must be to show how artificial intelligence can benefit us all, rather than just being a threat. As part of the strategy I would like to see a campaign similar to the public understanding of science campaign, which we carried out when science was perceived as a threat. Indeed, that campaign may have been initiated in your Lordships' House. There have been many enthusiastic submissions, and none of them should be wasted.

The strategy must include a review of patient capital. Extensive research shows that our present systems of big bonuses make executives less willing to invest because they do not want to do anything that would cause a short-term hit to profits. We know that this perverse incentive is one reason why productivity is low. Will the industrial strategy take steps to limit this?

Business has been very good at evaluating the impact of politics on its businesses. Indeed, many of us have tried to help in this—but the message coming through loud and clear is that this works both ways. Businesses should carefully consider the effect of what they do on politics, such as directors paying each other enormous salaries, companies using great ingenuity to pay less tax, and staff being often more exploited than nurtured. Then there are the customers faced with complications to their disadvantage. What steps will the Government take in their industrial strategy to discourage that behaviour, because all that it does is lead to a loss of trust?

The Labour manifesto recognises the reality that growing demands put on the state need more tax revenue. So why not, as part of our industrial strategy, broaden the tax base with heavier taxes on activities which damage the environment or with VAT on financial services? There is a strong case for taxing expensive homes—why stop at band H? What about taxing the gains on people's main homes when they are sold? If nothing else, it would help to stabilise the runaway housing market, which many have said needs to be dealt with.

We also need to make a better case for the role of the state as industrial stabilisers, and as regulators, especially after the Grenfell fire, and not just pursue deregulation for its own sake, as an end in itself. My point is that a new modern industrial strategy must decide to meet both economic and social objectives. We have been through a lot in recent months. A business and social industrial strategy will help to unite and support us after these difficulties by demonstrating our determination to put jobs and the economy on an equal footing with a fairer society.

9.07 pm

Baroness Wheatcroft (Con): The gracious Speech told us that Ministers will “strengthen the economy”—an admirable aim. However, while investing in autonomous driving vehicles and space travel might benefit the economy, some of us fear that the Government could make moves in a different direction, which would be a massive blow.

On 24 January, the Secretary of State for Exiting the European Union said:

“What we have come up with ... is the idea of a comprehensive free trade agreement and a comprehensive customs agreement that will deliver the exact same benefits as we have, but also enable my right hon. Friend the Secretary of State for International Trade to go and form trade deals with the rest of the world, which is the real upside of leaving the European Union”.—[*Official Report*, Commons, 24/1/17; col. 169.]

That is a cunning plan that could be very beneficial to the economy, but the 27 countries gathered on the other side of the negotiating table do not seem to share the same vision of the UK being allowed to resign from the club while holding on to all the benefits. They seem to take the view that, if one eats the gâteau, one no longer has it. Already, the Secretary of State for Exiting the European Union sounds less confident that the wizard idea he came up with can be delivered.

Without membership of the single market, it certainly will be crucial that companies become better at exporting to non-EU members. The UK's share of the Chinese market, for instance, has fallen to around 1% over the

[BARONESS WHEATCROFT]

last decade, lagging behind France, Italy and Germany, which do not seem to have been overly constrained by membership of the European Union.

The UK has some great exporting businesses but the challenge is to turn more of our smaller businesses into exporters. This is something which successive Governments have tried to tackle but with very limited success. In 2014, only 17% of medium-sized businesses—those with a turnover of between £25 million and £250 million—were exporters. The then Government launched a concerted effort to grow that, appointing trade experts to provide local support to medium-sized businesses. Ironically, they said at the time that English companies would become eligible to apply for up to £100 million in additional export support from the European structural and investment funds. I hope some did.

The gracious Speech referred to support for the export effort, and a more generous export credit regime would help. However, might we achieve more dramatic results if we could persuade big companies to each take a smaller one under their wing? It could be from an allied sector, rather than a potential competitor. The big companies have market knowledge, departments dedicated to export documentation and contacts. They know the ropes and they could, with little effort, help turn domestic businesses into global ones. Everybody would benefit from that. That would also boost productivity, which remains an issue for the UK. In his Autumn Statement, my right honourable friend the Chancellor of the Exchequer pointed out that it takes a British worker five days to make what a German produces in four. We lag behind the United States by 30%, France by 20% and Italy by 8%.

Investing heavily in innovation and infrastructure, as we are promised the Government will, should eventually lead to productivity gains. However, extensive research done by the productivity leadership group, led by Sir Charlie Mayfield, the chairman of the John Lewis Partnership, came to one overriding conclusion. Too many businesses simply were not focusing sufficiently on productivity. Put less politely, poor management may be the root of the problem. The much-talked-about skills shortage may extend to the boardroom. The productivity leadership group is aiming to change that by promoting best practice, but it will be effective only if owners of businesses, in both the private and quoted arenas, keep emphasising the importance of productivity. Sir Charlie Mayfield reckons that getting it right could add as much as £130 billion to the economy every year. Can the Minister confirm that the Government will continue to support the productivity leadership group with the very limited funding requirement that it has?

9.13 pm

Baroness Maddock (LD): My Lords, the gracious Speech commits the Government to bringing forward measures to help tackle unfair practices in the energy market and reduce energy bills. In my brief contribution this evening I will concentrate on fuel poverty. Can the Minister explain exactly what the Government are proposing on energy prices? How does this interact with the Fuel Poverty (England) Regulations 2014 and the fuel poverty strategy of 2015?

I should declare my non-pecuniary interests. I am president of the Sustainable Energy Association, president of the National Home Improvement Council, a vice-president of the Local Government Association and a vice-president of National Energy Action, a fuel poverty charity. I am grateful, as always, for their briefings on this issue.

The scale of fuel poverty is very worrying and has been for well over 20 years. What is more, the levels are increasing and have increased since the publication of the fuel poverty strategy in 2015. Since 2011, levels in England have been based on the low-income, high-cost definition whereby an individual is considered fuel-poor when their fuel costs are above the national median level and when spending that amount leaves them an income below the poverty line.

Monitoring in the other three UK nations uses a 10% definition, which simply means that you are spending more than 10% of your income on fuel. The latest figures for England show a small increase in the number in fuel poverty since the fuel poverty strategy was introduced. It was 2.35 million households and has risen to 2.38 million. That is nearly 11% of all households in England. United Kingdom-wide statistics are no longer produced by the UK Government but the last figures in 2015 highlighted a figure of 4 million households in fuel poverty. Whatever the definition of fuel poverty, the main drivers remain the same—the price of energy, the level of household income, the quality of energy efficiency of dwellings and the vulnerability of the occupants of those dwellings. From 2004 to 2014, we saw gas prices soar by 125% and electricity prices by 75%. In recent weeks, we have all heard announcements of new increases by the major suppliers.

Improvements in the levels of energy efficiency in our dwellings have reduced by 75%. Typically, the vulnerable are older people, children and those with long-term illnesses. We now have 1.8 million households in this category, up by 40,000 since 2013.

Wages and benefits have not kept up with prices. Those unable to work have seen their income stagnate or reduce, and half of all fuel-poor households are in work. We have heard the rosy picture and the not so rosy picture of our economy from noble Lords' contributions but any rosiness in the economy has not affected the people in fuel poverty I am talking about.

This situation puts huge pressure on our National Health Service. The World Health Organization estimates that 30% of winter deaths are caused by cold housing. That means that in this country 9,600 people are dying needlessly through the winter months. It costs our National Health Service £5 billion to treat the effects of living in cold homes, at a time when we hear daily about the pressures on our health service. The Government have committed to various targets to achieve better energy efficiency but current resources are less than half what is required to meet them. There are no bespoke programmes so progress has been very limited. The 2015 fuel poverty strategy committed to prioritise the most severely fuel-poor through cost-effective measures and ensuring that vulnerability is reflected in policy decisions. However, the transition to supporting those who most need help has been very slow. The energy company obligation is the only delivery mechanism in

England and spending reduced from £1.3 billion to £640 million over 18 months, rather than the original 12 months. Therefore, I ask the Minister: will the changes to this be part of the government proposals announced in the gracious Speech?

Another scheme for the vulnerable is the warm home discount scheme, which provides an automatic electricity bill rebate to low-income older-age households. Like ECO, this policy is paid for through a levy on energy consumers' bills and is delivered across Great Britain. Some people do not always remember to apply for the £140 payment at the right time. If they do not do so, they end up paying for the people who are getting that help.

I have three questions and a suggestion. First, will action on energy prices go alongside co-ordinated support to drive up low household incomes? Secondly, the most sustainable solution to fuel poverty is to increase energy efficiency, so will the Government ensure that the National Infrastructure Commission includes energy efficiency as part of the upcoming infrastructure assessment, as was included, indeed, in the Liberal Democrat manifesto? Will the Government re-target current fuel poverty support and address the gaps in provision? Lastly, I urge the Government to build on local practice and replicate consistent outcomes in all our towns and cities. Much could be done in this way if the Government supported and resourced local authorities' activities under the Home Energy Conservation Act, which I successfully steered through the other place a very long time ago. We are one of the richest countries in the world. When will we see the end to vulnerable people dying each winter in this country? It does not have to be like this.

9.20 pm

Baroness Wilcox (Con): My Lords, I know that at this stage there is no necessity for me to thank the two maiden speakers, but in this case I really would like to. I thought they were terribly good. I found the history of the mighty forebears of the noble Lord, Lord Mountevans, fascinating. I come from Plymouth, and everything he talked about seemed to me to be maritime—cargoes at sea and so on. I look forward to him being with us and bringing in a bit of fresh air. My noble friend Lord Colgrain spoke so graciously about Lord Lyell, which was lovely, about his great-grandfather and about sitting on the steps of the Throne. It became terribly close and nice, and I look forward very much to hearing from both of them. I have added up that between them they have experience of the City, rural and marine, so that will smarten things up a bit for a while.

I declare my interests—I have already put them on my list up there, but it is always with me—in fisheries and, of course, the National Lobster Hatchery. I am therefore delighted that there is to be a fisheries Bill. I was on the EU Select Committee, and when we put forward a report about fisheries we never dreamed for one moment that the Government would let us have a fisheries Bill. However, we have one now and I am thrilled. The Minister outlined how we would be in control of the UK's EE zone. He talked about having a fairer share of the market, controlling quotas and

not being bound by the EC fisheries policy. He talked about meeting other fleets fairly and about how coastal communities are to be renewed. I hope that will encourage modern apprenticeships, science and technology and bring our Government to a fisheries Bill that raises the morale of our island nation all over again.

Above all, I applaud the meaningful recognition of the need for enablement of the protection of our fish and our fishing fleet. We need now to put into place appropriate and effective protection. We need boats, and we need them built fast. I am sorry that the noble and gallant Lord, Lord Boyce, is not here to speak, for he is an admiral and the Lord Warden of the Cinque Ports, and is knowledgeable about the Fishery Protection Squadron, which thrives—I looked it up and read about it. I think we will do awfully well with this today. Can the Minister say whether the Government have already assessed the need for boats, and if so, when will they be ready to start with them? Have they ring-fenced the money to make sure that we can have them? We need to be ready to train the young people who will get their careers going in this area.

The Mediterranean has been fished out. Net sizes got smaller and smaller. The great fleets of France and the great Spanish armada have to come here, because the fish are available in our waters—our common-law system makes us very well behaved in not overdoing things. With the CFP removed, we will be able to make a policy of our own and police our own waters. We are blessed indeed with our inshore and deep water fish and shellfish, which provide demersal and pelagic fish, lobsters, crabs, oysters and shrimp—all those delicious things grow in our waters.

In the period from 2012 to 2014, EU fishing vessels, including ours, landed on average 1.1 million tonnes of fish and shellfish annually, caught within what will now constitute the UK EEZ. The report found that, on average, fishing vessels from EU countries other than from the United Kingdom landed 58% of that volume—equal to some £400 million, or 43%, of the value of all landings from the UK EEZ. Our country, out of the European Community, has a good, rich fishing future as long as we protect it.

9.25 pm

Lord James of Blackheath (Con): My Lords, before I start, I place on record that before speaking tonight I took counsel and guidance from the clerks—although from none of those who have been here tonight, so they can all relax—on whether there was any risk of me going sub judice on anything that I am about to say. They have assured me that there is not, for which I am grateful.

My subject is LIBOR and a sequence of four cases which have passed through the High Court in the last 18 months. There have been 15 prosecutions, five convictions, two cases where the juries have failed to agree and eight acquittals. We are now left with so many confusions and unresolved issues from this process and our parallel LIBOR market in Europe, called Euribor, is complaining so much that it may seek to shut us out and take the entire market, to our significant financial detriment. It is rather the reverse of the old Groucho Marx comment, "You wouldn't join a club

[LORD JAMES OF BLACKHEATH] that would have you as a member". We wish to remain in the club that does not want to have us as a member and this is a serious predicament.

The key issues are these. First, we are apparently at variance with the entire remainder of Europe, which has stated categorically that it will have no LIBOR prosecutions for any incident that occurred before 15 April 2013, as the new regulations came in on that date. All the prosecutions that we have seen go back as far as August 2006, so they would not have been relevant.

Secondly, the rest of Europe has been greatly upset by comments made by no less than the Lord Chief Justice in determining one of the appeal processes relating to these cases. He said that the bank's positions in these LIBOR cases could have no link to the relevant indexes of the day when the deals were struck. That is not only fundamentally wrong; it is arrant nonsense, if I may be so bold. In any financial market, the bank's position will always have a link to any index.

A range of possible rates could apply. That point was accepted by the FCA in the extraordinary disciplinary process that it mounted and completed just a few weeks before the start of the LIBOR cases, all of which involved the UBS bank and particularly its principal LIBOR trader—a man called Tom Hayes. The FCA, quite reasonably—expecting that this case would produce some prosecutions—set out to prepare the way for a lifetime ban on the other UBS staff who had been working on LIBOR. In doing so, it first convened its disciplinary committee, consisting of five people and 15 expert advisers. It sat intermittently over a three-month period and came up with three absolutely critical conclusions.

The first was that all LIBOR, in contravention of what the prosecution was saying in these cases, was based on daily fixings in something acknowledged as "the range", which limited the minimum and maximum spot fixings that could be achieved. Secondly, the committee confirmed that the range had been correctly applied throughout all the cases that had gone through UBS and that there was no sign of any dishonesty whatever in that process. Thirdly, it then looked at the rest of the situation and said that the senior executive to whom Mr Hayes had had to report his fixings each day had behaved perfectly correctly. It said that there was no question of his disqualification and all accusations were binned.

Given those circumstances, that would have been a hugely valuable piece of information to have passed into the jury's knowledge. Indeed, the FCA sent a copy of its report of the proceedings to the Serious Fraud Office, asking that it be placed in the hands of the defence counsel for the trial. Three weeks into the trial, it was found that the SFO had never released the report, and it was never seen again. The judge refused to allow it to be submitted as late evidence and the jury accordingly convicted. Mr Hayes was sent to prison for 13 and a half years and a confiscation order for £1.8 million was passed upon him—it realised only £800,000 but we cannot win on all things. He has almost 10 and a half years of his sentence still to serve, but I am sure it is a great consolation for him to know

that the FCA thought his boss perfectly innocent of any accusation in the process that has now lumbered him with slopping-out every morning as he ticks another day off his sentence.

Having started off trying to circumvent the trial process by going for a common-law prosecution—they could not do it under the LIBOR rules due to the European restriction—they then gave themselves the task that although it was a common-law prosecution, they had to recreate a knowledge of LIBOR in the minds of the jury to understand the whole process. The SFO, ever helpful in these matters, provided an expert witness. He was a great success, and ran through every trial. However, in the fourth trial, he broke down and confessed that he did not know the first thing about LIBOR, had never worked a day in the LIBOR market and had been given coaching by the SFO as to what to say to convince the jury—that is splendid British justice for us.

The new Government need to address three separate and vital LIBOR issues. First, as a matter of common justice they need to decide how we are going to sort out the mess we are in with this one. Secondly, we have to work out how we are going to amend the statute book and codes of practice to ensure that we are clean for the future. Thirdly, we have to get ourselves back into LIBOR permanently and stay there. If we do not, we are all going to hell in a handcart and nothing in our financial services market is going to save us. This is a real issue and we need to address it very urgently. I commend it to the attention of the incoming Government.

9.32 pm

Lord Hunt of Chesterton (Lab): My Lords, despite its brevity, the Queen's Speech emphasises that our Government and Parliament have a great responsibility for many critical issues affecting the future of the UK and the countries of the world. I agree with other noble Peers that dealing with global climate change for present and future generations has been accepted by most Governments as the most serious of these global issues. Most countries signed the Paris accord in 2015, although regrettably the US Government have withdrawn from it. I ask the Minister to assure the House that the UK will join with other major countries at the forthcoming G20 conference in Berlin in asserting again its commitment, as, of course, Mrs Merkel has already.

The UK can be proud not only of its diplomacy, which led to consensus in Parliament for the then Climate Change Bill, but of its participation in leading research that contributed to international consensus about the past processes of climate change and the future trends of rising temperatures in the atmosphere, ocean and land areas caused by rising emissions of carbon dioxide. There is now a practical consensus that over this century these emissions will be greatly reduced—the UK target for reduction is by 80%—but this is possible only if new sources of clean energy become available throughout the world.

There are great opportunities for the UK to develop renewable wind and solar energy. Even Saudi Arabia is moving away from petroleum and developing solar energy. The UK is also investing in advanced nuclear

fission and fusion systems. I declare an interest. The environmental impact of these systems will also have to be managed in collaboration with other countries and international organisations, such as the International Atomic Energy Agency and Euratom. It is essential that the UK should positively expand its involvement in these national and international environmental and energy organisations. There will be a Bill, as the Minister said, on dealing with the consequences of leaving Euratom, and that will be a very important piece of legislation.

As I have said in the past, the House of Lords should receive more regular reports about these international bodies, which are so important to trade, the environment and communications. We have had almost no debates on this. I have organised two in the 17 years that I have been here and this goes by default. Select Committees could also be more involved in this aspect of UK governance.

Although local conservation of fisheries, which was brought up by the noble Baroness, Lady Wilcox, is an important issue, it is also important to realise that we have to think about fisheries on an oceanic scale. Again, I have been involved in ACOPS, which sits on some of these bodies. Following urgent environmental and infrastructure safety problems in the UK, which we have been seeing in the last few years and most urgently in the last couple of weeks, HMG need to consider the governance and openness of the responsible governmental and private organisations, and how the latest science and technology can be used.

I speak as a former chief executive of the Met or Meteorological Office—although some people think that it is another kind of Met—which I am pleased to see remains a world-class governmental agency despite several attempts by Governments of all parties to privatise it. Other well-known governmental laboratories have been privatised and universally spin off companies to provide valuable services. I declare an interest there. The question for the UK is how these privatised ex-governmental organisations should be involved in these critical governmental questions. That has been a hidden question during the last week. An alternative is to involve professional bodies such as the Hazards Forum, which brings together all the engineering institutions and quasi-governmental bodies such as the Health and Safety Executive. Again, I declare an interest.

Finally, as the noble Lord, Lord Kakkar, emphasised this afternoon, as the Government, Parliament and industry review the technical solutions to these challenges and the production and design of UK products, the need is to consider how UK schools, universities and training colleges can compete with leading institutions around the world, for example by making sure that our children do homework, which is rather rare in some schools. It is important that these institutions should educate more qualified engineers and scientists. If not, as industry is urging, the UK will need to expand the number of immigrants with advanced qualifications, assuming they have the confidence in how they are treated when they arrive. I was pleased to hear that identity cards are being considered again. That may be essential in future.

9.37 pm

Lord Sheikh (Con): My Lords, Her Majesty's most gracious Speech made clear this Government's priority to ensure security and stability as we leave the European Union. Safeguarding jobs in our economy must be at the forefront of this. We must protect our position as a global economic powerhouse, but also reach out for new opportunities. A fundamental part of our economic success strength stems from bilateral trade. This will be more important than ever before as we embark on a new era for our country. In particular, I believe that we must now seek greater economic and trade ties with our friends across the Commonwealth and forge new trading relationships.

I am a great admirer of the Commonwealth. It encompasses 52 countries and a third of the world population. It is culturally, economically and politically diverse, yet shares our values of democracy and the rule of law. The Commonwealth is essentially a ready-made trading market. Its economies are large and small, developed and developing. It includes two of the BRICS economies, India and South Africa, along with several members of the "7 per cent club".

Earlier this year, Commonwealth Trade Ministers met in London and agreed to deepen economic ties. They were clear about the advantages that we all have through sharing a common law, language and institutions. In 2014, UK exports to the Commonwealth were worth more than £48 billion and imports were worth £42 billion. There has been a trade surplus since 2011. It is estimated that, on average, Commonwealth countries trade around 20% more with each other than with non-Commonwealth countries.

Next year, we will host the Commonwealth Heads of Government Meeting. This will be a golden opportunity to reflect on opportunities and develop new ideas. We must be ambitious and open-minded, and be more active in promoting business. The Government have made it clear that we will see new Bills on trade and customs. I look forward to such legislation and hope that we can support British businesses to export to new markets across the Commonwealth and, indeed, the entire world.

I would also like to emphasise the importance and potential of the Islamic finance industry to our economy. I declare an interest as the previous co-chair of the All-Party Parliamentary Group on Islamic Finance. It is my intention that the group will soon be reactivated following the general election. I am also a volunteer patron of the Islamic Finance Council.

The United Kingdom has the largest Islamic finance market outside the Muslim world. Its assets now exceed \$20 billion. The market is also growing significantly worldwide, at an average annual rate of 15%, with a value of more than \$2 trillion. We must take advantage of the strong hand we already have in this industry. We have hundreds of accountants, solicitors and consultants who are highly trained in Islamic finance. We must harness and grow this talent pool further.

We can also export these skills and help other countries to develop their Islamic financial structures. In 2013, the then Prime Minister, David Cameron, spoke at the World Islamic Economic Forum. He committed

[LORD SHEIKH]

to issuing a £200 million sovereign sukuk, to providing sharia-compliant student loans and to providing sharia-compliant start-up loans for new businesses. The sukuk was issued and was 10 times oversubscribed. We must now look at the issuance of a second sovereign sukuk which can attract investment in infrastructure to support economic growth, something that was referred to in Her Majesty's most gracious Speech.

Furthermore, we must also now move forward and deliver the other two commitments. Sharia-compliant student loans will enable greater numbers of Muslim students to attend university, while start-up loans will inspire Muslim entrepreneurs to establish their own businesses. These can only be good things for our skills base and for our economy. More widely, Islamic finance is also favoured beyond the Muslim community by those who wish for a more ethical form of financing.

We must be flexible and innovative as we explore new markets and build new relationships. This approach will deliver the best returns for our businesses, create more jobs for the future and secure a stable economy on a long-term basis.

9.43 pm

Lord Palmer of Childs Hill (LD): My Lords, there is yet another glaring omission in the gracious Speech and supporting documentation. It is the lack of understanding of small and medium-sized businesses and how they are a major component of the success or failure of the UK's businesses and the UK economy. This Government have failed to understand how smaller businesses work and thrive. Smaller businesses need to concentrate on their core activities of providing services, production and sales, and the rest of their activities is incidental.

I have, in 2015 and 2016, spoken in your Lordships' House on the Conservative policy of MTD, making tax digital. This was apparently seen, prior to the 2015 spring Budget, as a means of simplifying our tax system, being a step change in the ways records are kept and tax collected. This will mean that the self-employed, landlords and businesses will have to keep digital tax records. All right so far, but they will have to send four digital returns to HMRC, plus a year-end return, every year: five digital returns a year. For gurus in Whitehall or 10 Downing Street this might seem a simplification, but for most small businesses, in practice, it means employing a firm of external accountants—I declare an interest there—in order to comply; expensive, unless you are an accountant. Those in business who should be concentrating on production and turnover will be overwhelmed by the digital requirements. Please, Government, think again.

Another problem faced by small and medium-sized businesses, particularly in our high streets, is the obscene rise in business rates mentioned earlier by the noble Lord, Lord Naseby. Liberal Democrats want a systemic review of the business rates system, prioritising reforms that recognise the increased role of the digital economy. We want small businesses and high street shops to remain competitive. It cannot be right and fair that an out-of-town mail order house or a retail warehouse on

an industrial site pays less rates than a small shop on my local high street. Have the Government any plans to address this major problem?

I would like to see a greater acknowledgement of the courage of individuals starting their own businesses. Liberal Democrats have proposed a £100 per week start-up allowance for six months to give support with basic living costs to entrepreneurs starting a new business. Further, we need to expand the British Business Bank, introduced in 2014 by Vince Cable when he was Secretary of State, to provide more equity capital for growing firms. I would welcome an assurance from the Minister on this.

Leaving the European Union will be, in the words of "Yes Minister", "a courageous decision", but whether we are in or out of the single market and customs union, I trust that central government procurement is used as a tool to drive local growth and community development. Can the Minister say whether government departments, local and national, will purchase from diverse sources and use local labour, goods and services where possible? Too often, government contracts go for apparent safety with a large firm, since if that firm goes belly-up, those who commissioned the work can say, "Don't blame me, gov—I went to a large firm". Small firms need to get a look-in on this business.

Inevitably, most speeches will come back to Brexit, that ill-advised leap in the dark. When trade negotiations start—assuming that by then we have experienced and able trade negotiators in the UK—I believe that those negotiations should focus on start-ups, the tech sector, data movement and tariffs, and the protection of intellectual property. A hard Brexit will lock Britain out of the world's largest free-market area and will impose another huge administrative burden on SMEs seeking to export. If no free trade agreement is reached, the UK will be subject to WTO tariffs, which range from 4.1% on natural gas to 9.8% on cars and, horror of horrors, to 32% on wine. The Centre for European Reform estimates that this would cost the UK more than £40 billion.

Further, have the Government made any assessment of the additional costs to UK businesses of the overhaul of data protection rules? These EU-generated rules, which are going to be brought into UK legislation, will mean a change in how companies process information, such as customer lists and employee records, and will come into force, unless something happens, in May 2018. It is clear that many businesses will fail to comply. Will the Minister say how businesses are being made aware of these rules and whether next spring we will see a plethora of firms paying fines? Will the Minister confirm that fining will be a last resort?

9.50 pm

Baroness Altmann (Con): My Lords, I welcome my noble friend Lord Callanan to his role and wish him success. I am delighted to follow so many significant contributions, including the two excellent maiden speeches, in this important debate on the gracious Speech.

With today's focus on economic issues, I congratulate the Government on achieving the highest UK employment rate since records began. Global firms have been investing here, taking advantage of our business-friendly

environment and successful labour markets. We must protect this. A hard-left economic agenda would, in my view, do dreadful damage, as indeed would a hard-right or no-deal Brexit.

I welcome the Government's proposals for the national living wage, increased housebuilding, protecting critical infrastructure and encouraging electric vehicle use to build on the UK's leading position in this area. I am proud that the Government will continue supporting international action on climate change, which poses a real threat to younger generations. Another threat to the British economy is the worrying resurgence in consumer debt levels, which rose 10% last year. We know that excess borrowing and irresponsible lending preceded the 2008 crisis. I certainly support the financial guidance Bill to help consumers manage their finances and debts better, although more needs to be done to control consumer debt.

I also welcome the Bills to improve the treatment of mental ill-health and tackle injustice. However, there was a serious omission from proposed anti-discrimination measures. The Queen's Speech rightly calls for an end to prejudice on the basis of gender, faith, race, disability or sexuality, but what about age? Can my noble friend the Minister explain why this was missing? Reducing immigration makes it increasingly important to tackle the ageism that still pervades Britain's labour market. With an ageing population, the more we can encourage full-time or part-time later-life working, the better the economic outlook. This is not about favouring older generations over younger ones; it is about ensuring that everyone has opportunities to work and contribute to the economy and their own economic welfare. Too often employers overlook the talents, dedication and experience of older staff, whether in training or recruitment for new roles. In this context, I also welcome the new institutes of technology to improve young people's technical skills, but we need an adult stream, too. Lifelong learning, mature apprenticeships and reskilling can help the British labour market stay world-class, improve productivity and enhance growth.

Another important issue for the economy and its resilience is corporate finance. In particular, I am concerned about the significant advantage for debt finance over equity. Stamp duty is paid on UK equities, while debt is subsidised by taxpayers and favoured by regulators. Having spent many years in investment management, I find this bias against equity capital concerning. Equity financing was invented in the UK and helps businesses drive innovation with the support of patient, long-term capital. Leaving the EU would make this even more important.

I had the privilege of opening the London Stock Exchange last Friday and it struck me that every trade in a British company attracted a tax charge, whereas each non-UK company trade did not. It is estimated that the tax comprises 70% of UK equity trading costs. Pension funds and insurers have dramatically reduced equity holdings in recent years, removing some of the underlying support for British business. As auto-enrolment brings millions more workers into long-term investing and quantitative easing continues to depress bond yields, the nation's long-term economic interest could be boosted by levelling the playing field for equity versus debt finance, encouraging more activity

in public equity markets, rather than private equity, as well as encouraging pension funds to invest in growth and job-creating British infrastructure.

Finally, the central theme of the forthcoming legislative programme revolves around arrangements for leaving the EU. From an economic perspective, I wholeheartedly support the wise words of my right honourable friend the Chancellor of the Exchequer, who urges prioritising jobs and prosperity during our journey of separation from the EU. The British people voted to be better off, not worse off. They did not vote to jeopardise our economy, manufacturing and services industries and all the jobs that depend on them— and what about immigration? From a demographic and economic point of view, immigration is essential for our economy. As our ageing population is moving into retirement with fewer younger people to support them, immigration has helped to power economic growth.

Leaving the EU single market, customs union and EEA by 2019 would be disastrous. Yes, Britain is great. We have strength, ingenuity, scientific brilliance and resilience but without a more conciliatory, co-operative approach to Brexit the economy is at risk. I believe that logical, rather than ideological, economic arguments are needed now. I hope my noble friend the Minister and many colleagues on these Benches can work with others in the national interest to help us better achieve success and future prosperity.

9.56 pm

Lord Oxburgh (CB): My Lords, I shall speak today about energy and the environment and, in the interests of brevity, I refer to my interests in low-carbon energy and energy efficiency in the official register.

Brexit and the tragic events of recent months will understandably take much of our attention but we must not forget the longer term. Our actions today are making the prospects of future generations very bleak, both for the people and for the plants and animals with which we share the planet and which make the planet habitable for us. Today, I wish to focus on the consequences of the deluge of greenhouse gases that is largely produced by the burning of fossil fuels and released into the atmosphere. It is steadily and remorselessly shifting our climate. Admittedly, the causal relationship is based on probabilities but it is one endorsed, I think, by every national scientific academy in the world. It gave rise to the Paris agreement of 2015, under which countries pledged to do what they could to reduce their greenhouse gas emissions. True, some of the pledges fell short of what the climate scientists calculated was needed to avert the most extreme consequences of climate change but something is better than nothing.

It was most welcome that in the Queen's Speech, the Government renewed their commitment to meeting their Paris target. That said, it is far from clear how this is to be done. In the autumn Statement of 2015, the Treasury cancelled a £1 billion competition for industry to develop the carbon capture and storage technology—CCS—that is essential if the UK is to decarbonise at least cost. At a single stroke, this removed one of the three legs supporting the Government's energy strategy: nuclear, renewables and fossil fuels, but with their emissions abated by carbon

[LORD OXBURGH]

capture and storage. The then Environment Secretary, Amber Rudd, immediately set up an advisory group that I had the privilege to chair, comprising parliamentarians and external experts to advise on the way forward. The group scrutinised and then endorsed the Government's previous view that CCS was needed to decarbonise heating and electricity generation. The group furthermore developed a business model by which this could be done at reasonable cost. The group's report has been accepted by UK industry and has excited considerable international interest. Formal publication was last September, but the Government are yet to respond. They said they would do so in a decarbonisation plan, which would be out in the spring. It seems that spring is late this year because we have still not seen it.

The report emphasises that the technology is available but the timescales are long, whether for building power stations, laying pipelines or transmission lines or any other aspect of major infrastructure. This means that, for there to be any hope of meeting our Paris obligations, we have to decide urgently the outline of what needs to be done by both government and industry. It is essential that this outline has wide support across both Houses of Parliament because it must be robust to changes in Government. Chopping and changing in matters such as this is a certain recipe for wasting money and failing. There is no fundamental reason why this should be highly politicised, and this House, in particular, has a good record of achieving consensus on energy matters. If a broad outline can be agreed, details can be added later, as appropriate, and industry will be able to plan accordingly, but the Government will need to work hard because they must realise that after the cancellation of the CCS competition in 2016, their credibility is low.

I therefore ask the Government three questions: when will the decarbonisation plan be issued? Will the plan address the recommendations of the parliamentary advisory group on CCS set up by the previous Government? Will the Government seek ways of achieving all-party consensus on how decarbonisation is to be achieved?

10.01 pm

The Earl of Selborne (Con): My Lords, I propose to follow the example of the noble Lord, Lord Haskel, and others and confine my remarks to what the gracious Speech calls a new modern industrial strategy. When the Science and Technology Committee in the previous Parliament, which I had the privilege of chairing, took evidence on the Green Paper *Building our Industrial Strategy*, we were frequently reminded that industrial strategies have been formulated regularly, at least one a decade for 60 years, since the Attlee Administration. It is fair to say that most have not stood the test of time, so the first question to be addressed when formulating what the gracious Speech calls "a new modern industrial strategy" is: have we learned lessons from previous failures?

Whether we end up with a hard Brexit or a soft Brexit, our long-term prospects will depend on achieving economic growth in all parts of the United Kingdom. We have to improve productivity, capture a larger

share of world trade and attract inward investment. We are not going to achieve lasting periods of economic growth unless we successfully promote innovation. Successful innovation raises productivity and living standards, expands the range of goods and services available to individuals and society and allows us to live longer, healthier lives. It will not solve all our problems. I accept that, as my noble friend reminded us, lack of productivity it is very much a consequence of poor management. It is not just business that must innovate; government and social organisations need to innovate, adapt, respond to and shape the evolution of society. We have a strong science base—I do not think that is disputed—but that does not ensure that we will be among the global leaders in developing new innovative technologies and processes.

The Green Paper recognised the potential benefits and, indeed, our national dependence on science and innovation, but it failed to impart a vision of how we are going to develop a coherent strategy. It amounted to a portfolio of tactics. The Science and Technology Committee suggested that a new modern industrial strategy should first set out pathways of practical steps to a more regionally dispersed economy building on our research excellence at every opportunity. The strategy should be clear on how many sector deals the Government aspire to. They are clearly already an important component. They should also explain how transformational technologies that do not necessarily fit comfortably into existing sectors will be matured. The noble Lord, Lord Mountevans, in his inspiring maiden speech, referred to the impact that robotics will have in the marine and other sectors. Many such sectors will be transformed by autonomous systems. This is an example of where innovation will lead in most unpredictable directions, but new industries they certainly will be.

We need to change the investment culture within our fund management industry to encourage, by a coherent approach to tax and regulation, the further supply of long-term capital for industry and science, particularly for emerging science-based firms with the potential to be significant global players. Brexit presents opportunities for businesses in the United Kingdom to gain competitive advantage from reforms to taxation and regulation that were previously not possible as part of the European Union framework. The new, modern industrial strategy promised in the gracious Speech must spell out clearly how such competitive advantage will be gained.

10.06 pm

Lord Howarth of Newport (Lab): My Lords, the Government should be dealing with much else besides Brexit, but I fear that the Brexit legislation and negotiations, and their struggle to survive, will consume all the Government's energies. Complex and politically fraught as Brexit will be, here we should be optimistic. As the two sides move beyond simplistic rhetoric, sensible negotiators, recognising their shared interests in the maintenance of trade and other relations, will converge on practical arrangements. Meanwhile, we are experiencing the predictable consequences of the correction in the value of sterling that followed the referendum. Living standards are being squeezed, but

inflation is not expected to remain high. Manufacturing orders are at their best for 30 years, which points towards a healthy rebalancing of our economy.

More difficult than Brexit, and more fundamental, is to achieve for Britain what the Prime Minister has called an economy that works for everyone. Our mountainous public and private debt, the excesses and abuses of deregulation, our debilitated productivity, stagnant wages, insecurity of employment, threadbare public services, and the chasm between rich and poor are the legacy of 40 years of neoliberalism. The hierarchs of the European Union remain unrepentant neoliberals. In Britain, we contemplate as a monument to neoliberalism the charred remains of Grenfell Tower and of the poor people who lived there.

The gracious Speech promises that the appropriate lessons of Grenfell Tower will be learned. Among the lessons are that effective regulation is necessary to secure humane values and that wealth does not trickle down but must be redistributed. A Manichean contest between private and public may gratify ideologues, but it wrecks the lives of ordinary people. Capitalism needs government to save it from its own excesses. Shareholder value has been a pernicious mantra when it has meant ever-rising dividends at the expense of investment and good jobs. Finance, gorging on itself, all but destroyed our economy a decade ago, caused lasting misery for millions and now threatens us again through reckless lending. Conservative Governments, manipulated by party donors and lobbyists, have allowed big money to call the policy shots. The rentiers have been flattered and pampered while the poor have been insulted and punished. The overdue prosecution of the Barclays bankers is a parable for our times.

There is no sign that the Conservative Party has new thoughts about how to run the economy. The Speech promises vaguely to strengthen the economy so that it generates the tax revenues needed to invest in public services. It also promises to keep taxes low. The balanced budget continues to recede. The promised land of renewed public services is not in sight, nor is a credible path to it marked out. The public will tolerate austerity that repairs the public finances, but not austerity that gets us nowhere.

Meanwhile the Home Secretary admits that the police are too stretched; Shelter warns that, with the housing benefit freeze, 1 million households will be made homeless; academics are joining the precariat on zero-hours contracts; mental health services have collapsed; and the prisons are simmering. Whatever the pledges in the Speech, the debt overhang and the weakness of the tax base mean that there are not the resources to rescue public services. The social care debacle in the election campaign exposed how people—characteristically in our political culture—demand good public services but refuse to pay more taxes.

If the Chancellor has few cards to play, neither does the governor. Desperate to stave off disaster, central bankers have inflated their balance sheets as recklessly as commercial bankers inflated theirs. If capital is to be allocated other than into asset bubbles, interest rates will need to be normalised, but one shudders to think of the effect on overindebted households and fragile businesses. We need the productive growth that

loose monetary policy has failed to stimulate. The Speech promises a major reform of technical education as part of a new industrial strategy, but our weakness in technical skills is the legacy of 200 years of cultural disdain. Wishful thinking will not transform a culture.

We need a new economic model. In the near term we need a boost to growth, but we know that economies predicated on the infinite growth that capitalism requires will be unsustainable in a world of finite physical resources already imperilled by climate change. Nor will the digital economy come to our rescue. Ungovernable, it creates global monopolies, traumatically disruptive change and extreme polarisation of wealth.

Our situation requires us to consider anew what kind of economy and society we want and what government is for. The Prime Minister refused to debate any of that at the general election, and the country refused to give her its confidence. We now have a Government in office but not in power and a Queen's Speech made up of banalities and evasions.

10.11 pm

Baroness Rock (Con): My Lords, I add my congratulations to the noble Lords, Lord Colgrain and Lord Mountevans, on their excellent maiden speeches. I welcome the chance to lend my support to the Queen's Speech and the measures therein to support business and the economy at this critical time for our nation.

Our businesses are not separate from our people, our communities or our sense of country, so it is a welcome change of tone in this Queen's Speech that businesses are being brought back into the debate about what kind of country we want to be in these uncertain times. After all, at their best, businesses are not faceless and robotic; they are groups of people united in a common purpose.

If our economy is to flourish, we need business to flourish. If we want more jobs and new career paths, we need businesses to provide them. It is a relief, then, that we may yet see a new approach to consulting the business community, and that the Government will "test and validate" their approach to Brexit negotiations to give employers a chance to contribute and consult on how Brexit will affect them. I welcome the formation of a new business council but it must have a genuine role and input.

However, bringing business back into our national debate must be about more than Brexit. It is about our future place in the world and the level of prosperity that we can deliver for all people. So we must see government policy as something that can enable businesses to grow, create more jobs and make a bigger contribution to society. This Queen's Speech should be judged on its ability to do this, and the Government should focus on matching skill supply with the demands of business. That is as critical now as it has ever been at this time of global competition and rapid technological change. I therefore welcome the reforms to technical education. Those reforms should be judged on their ability to increase the supply of engineering apprentices, programmers and coders and to give school leavers a legitimate choice in how they educate themselves, ready for their future careers.

[BARONESS ROCK]

Even as we invest in improving the skills of our school leavers and graduates, though, we must not allow Brexit to shut off the supply of the best that Europe, and indeed the world, has to offer. This means ensuring that business has a say on our approach to free movement of labour and its relationship to single market access. As the Chancellor said last year, we must keep in mind our first duty to spread prosperity and, as noble Lords have said, people did not vote to be poorer. It is the job of everyone in this place to explain the positive contribution that such skilled workers can bring, with the benefits felt by all.

Similarly, investing in technology, research and infrastructure gives businesses a platform to do more. Industrial policy, where it concentrates on improving our research base, our output in intellectual property and building a world-class ICT infrastructure, has a place in building a modern economy. I have spoken in this place before about positive changes to the way we allocate research funding, and I am pleased to see further investment pledged to commercial satellites and electric vehicles. Whatever our settlement with our EU partners, one thing we can be sure of is that investment in technology will stand us in good stead.

Lastly, I add my voice to those of other noble Lords who have reminded the Government of the greatest enabler that they can offer the business community: certainty. Certainty enables more investment. Businesses need to know what arrangements they will face in 2019: what tariffs they will have to pay, what customs arrangements they will have to navigate, and who they will be able to employ. Without more clarity, there is a risk that businesses will stop investing, and we need investment to foster productivity growth, which is the key to unlocking greater prosperity for all in the UK economy. In a Brexit context, it can be delivered with clear announcements on access to talent, access to capital and, most important of all, early clarity on a transition deal that avoids a cliff edge and allows businesses to plan for the future. Whatever the nuts and bolts of the final deal, avoidance of a cliff edge, with time built in for implementation, will be paramount.

We heard a lot from businesses during the EU referendum campaign—some say perhaps too much—but now I fear the pendulum has swung too far the other way and businesses have been largely excluded from the debate and have become mere recipients of government policy rather than legitimate actors in shaping it. We must hope, then, that a sense of equilibrium is restored, and businesses' critical role as employers, community pillars and taxpayers is recognised once again.

10.17 pm

The Earl of Lindsay (Con): My Lords, I welcome the proposal in the Queen's Speech to build a strong economy, and therefore cannot agree with the bleak analysis of the noble Lord, Lord Howarth of Newport. I am pleased to see the commitment to continue to develop a modern industrial strategy, because I believe that the industrial strategy Green Paper is a good starting point. However, I believe that two key components are missing from that strategy.

First, there is no reference in the document to the importance of maintaining and enhancing the United Kingdom's well-deserved reputation for quality. This reputation has been achieved through the support of successive Governments for a national framework of standards, measurement and accreditation, which together are referred to as the United Kingdom Quality Infrastructure, or the UKQI. The UKQI is delivered by four key bodies: the British Standards Institution, the National Physical Laboratory, the National Measurement Regulation Office and the United Kingdom Accreditation Service. Here I should declare an interest as chairman of the United Kingdom Accreditation Service. I should briefly highlight the important role played by the UK quality infrastructure in respect to trade.

The assurance and confidence provided by UKAS accreditation and the other UKQI partners have been instrumental in facilitating international commerce by reducing cross-border technical barriers and increasing cross-border confidence in goods, services and their suppliers. This illustrates the increased relevance of the UKQI as we develop future trade agreements with our European partners and others across the globe. Indeed, the unrivalled international reputation and trust established by the UKQI partners have already enabled the development of many successful cross-border agreements—and will be crucially important ingredients in post-Brexit trading relationships.

It is worth bearing in mind that the German Government are energetic in promoting the German national quality infrastructure to support their export drive, and we know how successful that is. I think we should do the same in this country. The UKQI partners also have a crucial contribution to make in respect of the industrial strategy's focus on policies and institutions that underpin productivity and prosperity in the UK. The UKQI's integrated quality framework is capable of driving and reinforcing work across the strategy's 10 pillars by helping businesses to innovate, to develop new processes, goods and services, and to break into new markets. The UKQI likewise has an important role to play in supporting the national productivity investment fund and the new industrial strategy challenge fund. In developing the industrial strategy, I therefore urge my noble friend and the Government to ensure that the key role of the UKQI is properly recognised and that the UKQI partners are supported in the work that they do to underpin trade within the economy.

My second point in respect of the industrial strategy relates to the continuing need to fine-tune regulation to ensure that it is intelligent, proportionate and fit for purpose. There is just one paragraph in the Green Paper on the subject yet, in my view, modernising the stock of existing regulations and applying intelligent scrutiny to all new regulatory proposals should be one of the key pillars of the strategy.

Our withdrawal from the EU provides a significant opportunity to take a fresh look at the regulatory and enforcement landscapes. It is an opportunity to see if it could be made more fit for purpose in terms of both reducing unnecessary, poorly focused or disproportionate burdens currently placed on businesses, organisations, public services and individuals, and at the same time

enhancing the effectiveness with which regulations and their enforcement are able to deliver their intended protections and other purposes.

There are other opportunities that are also worth exploring further, some of them already well tried and tested and many involving the UKQI partners. UKAS accreditation, for instance, has been successfully used by regulators to support and complement existing regulatory regimes, enabling regulators to adopt a more risk-based and outcomes-focused approach. This in turn has enabled them to target their resources where they will have greater impact, focusing on where the risk of non-compliance is highest.

UKAS accreditation of voluntary standards has also been used effectively to underpin the credibility of self-regulation, so that it can deliver greater confidence to government, regulators, consumers and users. I note in passing that the Government will be considering placing a duty on regulators to consider the needs of vulnerable customers. This is welcome, as their needs are important. However, I encourage the Government to include in their consideration the option of using standards underpinned by robust certification and accreditation. For example, the Government could look at the BSI standard for inclusive service provision, which includes requirements for identifying and responding to consumer vulnerability.

Encouraging or requiring businesses that want to use this standard to be audited by a certification body that is UKAS accredited would provide assurance and public confidence. Such an approach would also chime with the Government's ongoing *Regulatory Futures Review* with its focus on regulatory self-assurance and earned recognition. In summary, I urge the Government, as part of their commitment to a strong economy and a modern industrial strategy, to ensure that the role of the United Kingdom Quality Infrastructure and its partner organisations is properly recognised, given the contribution that they can make to trade, investment, innovation, business growth and productivity. Likewise, I urge the Government to see a regulatory and enforcement landscape that is intelligent and fit for purpose as a key objective and to recognise the contribution that the UKQI partners, particularly those involved in standards accreditation, can make towards this end.

10.24 pm

The Viscount Thurso (LD): My Lords, it is always a pleasure to follow the noble Earl, although it has been a little while since I last did so. I add my congratulations to the two maiden speakers, both of whom will add greatly to deliberations in your Lordships' House and who mostly spoke of their experiences in the City. I feel that they will not entirely approve of what I have to say this evening—but I agree with the noble Lord, Lord Colgrain, on what he said about agriculture. A number of speakers tonight have made the point that the removal of the subsidy delivering cheap food is an equation that is a little hard to understand. The agricultural industry will need a great deal of support as we go through the Brexit process.

In his opening remarks, the Minister spoke about some of the fundamental strengths of the economy. I welcome him to his place on the Front Bench. I agree

that there are a number of indicators of the economy that are good, and lack of unemployment is certainly one of them. But there are, equally, a number of the measures of the economy that do not give such grounds for optimism, such as the sheer size of the central bank balance sheet, the lowering of growth, low interest rates with growing inflation, a faltering property market and some of the difficulties coming into the labour market. Those are all areas of concern, but they are not fundamentals.

I should like to speak to two fundamentals that are at the core of a genuinely strong economy: the ability of the financial system, and banking in particular, to deliver capital, which is the fuel for industry and commerce, effectively into industry and commerce; and, secondly, the labour market, which remains dysfunctional, with those at the top still being rewarded excessively for a modest performance—and, indeed, at times failure—and those at the bottom receiving insufficient reward for their honest endeavour.

Before I make those points, I should say that I am utterly committed to free enterprise and to private capital. I believe that remains the best system for ensuring growth in our country. That is underpinned, however, by two principles that I believe in. First, capital and labour must be equally regarded and respected; they cannot be out of balance. Secondly, the purpose of wealth creation is, primarily, to enhance the nation and society, and the personal accumulation of wealth is a happy secondary benefit that comes from that. I feel that sometimes these days the opposite is the case.

On capital, I served on the Parliamentary Commission on Banking Standards in the 2010-15 Parliament. I reread its conclusions over the weekend and was startled to see how many of our diagnoses remain valid today and how many of the recommendations we made not only remain valid but have not been acted on. If anybody would like to, I suggest paragraphs 111, 116 and 119 are well worth a read. Corporate governance, ineffective markets and a concentration of banking power all remain a problem today—but the primary problem is that banks and the financial system should act as an effective mediation system between those who have capital and those who need it, and the current system does not deliver that, giving too much in commission to too many along the way.

On the labour market—interestingly, from the same report—it is clear that too many people are still being rewarded with too much for too little, while at the other end of the spectrum we have difficulty in ensuring that people at the lower end receive a genuinely living wage, on which they can live without being subsidised by credits. It has always seemed extraordinary to me that we are subsidising labour.

I could speak at length on both subjects but time does not allow. I will close with a memory of one of the first debates that I took part in in this House, on 21 February 1996, when the late Lord Dahrendorf introduced a report entitled *Wealth Creation and Social Cohesion in a Free Society*. We are not terribly good at wealth creation at the moment; we could be a great deal better. I have never known a time when social cohesion was so lacking and it threatens our civil

[THE VISCOUNT THURSO]
 society. I am worried and any responsible Government should be as well. I hope the Government will look to that as much as to anything else.

10.30 pm

Lord Flight (Con): My Lords, I, too, congratulate our two maiden speakers today. My case is that austerity is not the fundamental issue. With a current account deficit of over £40 billion per annum, a budget deficit of £50 billion per annum, and the OBR forecasting another £122 billion of additional borrowing over the next five years, this is not a picture of austerity; it is still one of Keynesian expansion. Although it is welcome news, the 32 million in employment—up 2.7%—is similarly a reflection of a positive situation, not a negative one. The issue is pay and living standards. Because productivity has been so poor, living standards and pay in both public and private sectors have scarcely increased for eight years. No wonder people are discontented. The two key factors that drive productivity are capital investment and making more efficient use of better skilled employees, both of which need to be worked upon. I would add a third factor that is relevant to increasing living standards: a much bigger free trade situation, where there is scope, post Brexit, for trade deals with some 165 countries that do not to date have deals with the EU.

Capital investment needs business confidence. The attack on business in the Conservative manifesto was misplaced and it is welcome that business is being brought back. The major cause of falling productivity has been tax credits. This has been conceded, to a large extent, by the noble Lord, Lord Darling. Tax credits were intended to increase living standards but ended up subsidising employment. This in turn led to labour hoarding and the use of labour as a cheaper alternative to capital investment. No wonder our productivity has been poor. Poor productivity has very much coincided with the period since the introduction of tax credits.

There is obviously masses of scope for capital investment in the public sector. In particular, I see the need for major improvement in the road network in the south-east, but I have some reservations about the Government having sole responsibility here. HS2 and Hinkley Point are not ideal examples of the most effective forms of public sector capital investment. However, the proposals in the spring Budget were extremely good and represented a clear statement on how to improve productivity. There is the £23 billion fund for productivity improvement over five years, the Sainsbury technical education initiative and the industrial strategy Green Paper, so there is huge scope. The UK has the other advantage of an extremely lively, young entrepreneurial generation coming straight out of higher education and willing to start new businesses. We have never seen anything as strong as that before, and it has also been crucial to the technology sector.

I could talk for a long time about Brexit, but on a three-year view I think it will be positive for economic growth, in particular for living-standards growth because of the much greater scope for free trade. To close, it is time to phase out budget deficits, to save and invest

more, to reduce current account deficits and, above all, to improve productivity and advance free trade arrangements.

10.35 pm

Baroness McIntosh of Pickering (Con): My Lords, I add my congratulations to the two maiden speakers and congratulate my noble friend Lord Callanan on joining the Front Bench.

Most of my activities in the European Parliament, the House of Commons or this place have had a rural theme. I am delighted to be a member of the Rural Affairs Committee of the Church of England Synod. In the last Parliament, I co-chaired the all-party water group. For five years, I had the privilege of chairing the Efra committee in the House of Commons. Among those, I primarily advise the Water Industry Commission for Scotland and the Dispensing Doctors' Association, and I am a vice-president of the Association of Drainage Authorities and of National Energy Action.

In the recent general election and in the gracious Speech there is very little about those who live in the countryside and rural businesses, yet about a third of the population live and work in rural or semi-rural areas such as market towns. In opening, the Minister seemed to indicate that support for farmers would carry on up to 2020 or 2022. But that begs the question: what happens after that time?

The wider farm-to-fork industry, including the food and drink manufacturers and retailers, is worth some £110 billion to the UK economy, employing more than 4 million people. Rural dwellers and businesses such as farmers, farm shops and others are held back by poor services. We have heard a lot during the debate about the poor broadband in rural areas, the lack of access and fast speed and, indeed, in many cases, poor mobile coverage, as well as the lack of affordable homes, lower funding for rural schools and lack of public transport. The poor access to such essential public services, especially the shortage of affordable homes in the countryside, is leading to many young people leaving the countryside. Demographic changes mean that the older people remaining put enormous pressure on health, social care and other services.

It is true that the resilience and resourcefulness of our farmers and growers help to feed the country, but we are only 60% self-sufficient at this time. If we are to improve standards, as the Government have promised to do in the words of the incoming Secretary of State for the Environment, Food and Rural Affairs, and we increase standards of animal welfare and other means of production that will only increase the price of food. That will price British farmers out of the market. British consumers primarily buy on price. Cheaper food should not mean substandard imports. As with other businesses, farmers and growers need certainty. Therefore, the question is: what happens post 2020-22?

Upland farmers in the hills up and down the United Kingdom rely for 50% of their income on CAP support through farm payments and stewardship schemes. Who better to act as custodians of the countryside than the farmers? They need access to a reliable supply of labour from the European Union. The Government need to say why they have not yet reintroduced the

seasonal agricultural workers system. Rural businesses and farmers need certainty at a time of losing access to a guaranteed market of 505 million consumers and low-tariff access to EU markets, with the threat, as we heard earlier, of tariffs of up to 40% to 50% of their products under current World Trade Organization rules, and possibly 80% tariffs for higher-end products.

There remain alarming gaps in the Government's policy as to what will happen before, during and after we exit the European Union, particularly during the anticipated extended transitional phase. Which body will adjudicate on any potential trade dispute between UK and EU companies if not the European Court of Justice? Who will be the ultimate arbiter on environmental matters in the UK relating for example to keeping our waters clean and our air of the highest quality, and avoiding and preventing pollution?

On fisheries, I am proud of the agreement that the current Fisheries Minister negotiated—an EU policy that determines conservation and quotas on the basis of science and decisions by the coastal states operating in the respective waters, such as the North Sea and the Irish Sea. Fish do not swim around in purely national waters, so the danger of setting purely national quotas could set back conservation policy in what are currently shared fisheries.

It is incumbent on the Government and indeed all parties to listen to the concerns and suggestions of those who live in rural areas, particularly rural businesses, and act upon them. I hope there will now be the opportunity for rural businesses, as my noble friend Lady Rock stated with regard to other businesses, to pave the way for Britain leaving the EU and to rectify this policy gap affecting rural communities. The rural voice must be heard.

10.41 pm

Baroness Young of Old Scone (Lab): My Lords, I declare an interest as chair of the Woodland Trust and president or vice-president of a range of environmental organisations. Your Lordships have heard a lot about global economics, social justice and business needs tonight, and at this time of night I want to talk to you about trees. This is probably one of the most important Queen's Speeches for the environment—perhaps more important than any other. That is not immediately obvious from reading the Queen's Speech, but practically every provision in it will have an environmental impact. However, before I touch on those environmental impacts, I will say that I wish that I was making the brilliant and humane speech that the noble Lord, Lord Low, made right at the beginning of this debate.

To focus on the environment and the gracious Speech, I will make three points. The first is about the repeal Bill. It is interesting that it is no longer called the great repeal Bill—I wonder why. Some 80% of the legislation that affects Defra's responsibilities in the environmental sphere comes from the European Union, so there is a huge opportunity in transposing European law into UK law for the Government to make good on their manifesto commitment to be the first generation to leave the environment in a better state than when they inherited it. A third of these European legislation regulations that Defra enforces

in this country cannot simply be dragged and dropped into the new legislation, so we need a commitment from government to ensure that these pieces of legislation are not watered down either by design or by error when they are transposed and tweaked to make them relevant in a post-EU world. I hope that we can get a guarantee from government that where substantive changes are proposed, that should be by primary rather than secondary legislation. In this House we have all had many long debates about how adequate the scrutiny of secondary legislation is.

We also seek assurances from Ministers that not only the laws and regulations will be transferred but some of the principles of the EU environmental legislation, including things like the precautionary principle and the principle that the polluter should pay. Also, what will take the place of EU enforcement processes and the whole infraction procedure? The big question is: do we now need an environmental court?

My second point is on agriculture. We all hated the common agricultural policy, and it is a bit like being a kid in a sweet shop to be—still with £3 billion in our hands, we hope—able to drive the train set ourselves, and indeed to design the tracks on which it runs. However, the proposals in the gracious Speech seem very much focused on farmers and food, with the environment coming a poor third. We need to look at an integrated process of land management which delivers a whole range of public benefits, and the public payment should be only for where farmers are rewarded for genuine public goods. These should include environmental services, such as delivering on biodiversity, reducing flood risk, helping with carbon sequestration, and dealing with water and soil protection. Scotland has a rather good integrated land management strategy. Perhaps we could just rub “Scotland” out at the top and put “England” there instead.

The issue in which I would be particularly interested is the integration of farming and forestry. At the moment their relationship is hugely dysfunctional, with the grant systems preventing farmers taking part in good forestry practice. We would also like to see the new agricultural Bill—whatever its terms might be—enabling a turnaround in the poor performance of this country's planting rates in the future. At the moment, the Government's target is 5,000 hectares per year but last year we planted less than 1,100.

The third issue that I want to touch on is a non-legislative one, and I have talked about it previously in this House. I greatly welcome the government commitment on better protection for ancient woodland. There is a proposal in the housing White Paper and we would very much like that to be taken forward. Unfortunately, the way in which it is currently framed would not be adequate. It is an urgent issue because the Woodland Trust is already aware of 700 cases where ancient woodland is threatened with damage. Indeed, HS2 managed to put a route through 63 of them in phase 1 and it will be putting the train tracks through 24 more in phase 2. Therefore, there is a real need to improve the protection of ancient woodland to the same level afforded to ancient buildings. I hope that the Minister can reassure me and encourage CLG Ministers to make sure that the tweaks to the proposals happen.

[BARONESS YOUNG OF OLD SCONE]

On balance, the European Union was good for the environment. In throwing out Europe, let us not compromise environmental protection. Can the Minister tell us how the gracious Speech will fulfil the very admirable government commitment to this being the first generation to leave the environment in a better state than it was found in?

10.46 pm

Lord Leigh of Hurley (Con): My Lords, it is always an honour to speak in such an auspicious debate and at a crucial juncture, having heard two excellent maiden speeches. I welcome my noble friend Lord Callanan to his new position.

Even though it did not fare as well with voters as we on this side of the House had hoped, there was much in the Conservative Party's election manifesto to be commended, and we must hope that some of it, as appears to be the case from the Address, will be carried forward in legislation. I am reminded of President Truman, who said "Herbert Hoover once ran on the slogan, Two cars in every garage. The Republican this year is running on the slogan Two families in every garage." It did not quite go as expected but we have some significant proposals in the manifesto, beginning of course with Brexit.

I have spoken before in this Chamber about the importance of international trade and the opportunity that Brexit will bring to set our own approach and pursue our own bilateral deals. It is worth reminding noble Lords again that being part of the EU bloc has meant that, to date, free trade deals struck with third countries have not necessarily been designed with Britain's economy in mind. It is to be welcomed that the Address indicates that there will be a trade Bill, meaning that we will ultimately leave the customs union and strike out on our own, even if, as the Chancellor suggests—and even as a Brexiteer, I agree with him—there may need to be a transitional period inside the customs union.

Elsewhere, and closer to my own patch—I refer your Lordships to my interests listed in the register—I want to touch on corporate finance and the importance of ensuring that growing businesses have access to the capital they need. This should begin with announcing a new mandate for the British Business Bank to give it more capacity to invest in the UK through venture capital.

Similarly, I believe that it is not too early to consider how we might plan to make more of EIS and VCTs to help them finance larger companies. As your Lordships may be aware, the limit is currently £15 million, which of course is a restriction due to European state aid rules. I am not sure where the national productivity fund and promise to help SMEs win more government contracts, as in the Conservative manifesto, went in the Queen's Speech. Perhaps my noble friend the Minister can assure us that they will be kept in the Government's plans. Gone too are the corporate governance and executive pay restrictions and the inhibitions on FDI by changing the current takeover rules. This is welcome and, I believe, marks a turning point.

As my noble friend Lady Rock said, government is now listening to the voice of business, which frankly, as Luke Johnson recently wrote in the *Sunday Times*

business section, needs to be less timid and more forthright. The business community has a responsibility to stand up and explain to all its stakeholders the devastation to the economy that a Labour Party Queen's Speech would have wrought. It promised unaffordable borrowing, crude executive pay caps, trashing the flexible labour market, nationalisation of key industries at unspecified cost and increasing corporate tax, among many other measures, which, all the evidence suggests, by increasing the rate, would have reduced the tax take. Business has a right to be heard and an obligation to speak up. Neither has happened recently; thus, big business is currently considering making the easy move overseas if a change of Government were to arise. SMEs are also petrified of this eventuality and all businesses look to this Government for assurances that they are valued as a key contributor to our political economy.

There is some light ahead. I look forward to the findings from Sir Damon Buffini's review into patient capital. I hope he finds creative ways to encourage pension funds to invest in venture capital. Elsewhere in the manifesto and the Address we continue to pursue regulation that ensures good and fair competition in markets, not least in energy. Ensuring that markets work for consumers is quintessentially Tory and something we on this side of the House should never lose sight of. We must keep up with corporate tax reductions as a clear signal to business that it continues to be welcome here.

In short, this is of course an Address that rightly focuses on Brexit, and the decision to extend Parliament to a two-year Session is wholly justified. I hope noble Lords will seek to work across party divides to ensure legislation is passed that enhances our current very competitive position, which is in part due to our low taxes and our flexible labour market. We need to strive to help existing and aspiring entrepreneurs to create wealth for all UK citizens. We have a Government who are, as my noble friend Lord Flight said, spending more not less, who are cutting the deficit, and who have seen the highest employment rates and fastest growth rates of any comparable country in the world. How is that? It is because they have a vibrant and entrepreneurial business community.

I look forward to that energy coming back into government to help our economy with legislation focused on ensuring business, and thus economic, success. We have shown we can do it; let us not stop now.

10.52 pm

Lord Bichard (CB): My Lords, I want to talk about business and skills. In doing so, I am conscious that this contribution could just as easily have been made in the education debate—indeed, given the hour, it almost was. However, I am equally conscious that the education debate will probably once again be dominated by finance, "Do schools have enough money?", and even more by structure, "Do we have enough grammar schools, academies, free schools and technical schools?". These are not insignificant issues, but my concern, and that of many business colleagues I meet, is that we spend nowhere near as much time talking about educational outcomes—in other words, the skills, competencies and attitudes that our education system needs to develop.

My particular concern is that we fail to prioritise the skills that business needs if it is to fuel a thriving economy in the face of the Brexit challenge. The time to address that is now, in this gracious Speech, and not after a Brexit deal has been done. Perhaps the skill which business needs most from our young people is enterprise, but enterprise is rarely something that our existing education system seriously addresses or prioritises.

I declare as a non-pecuniary interest that I chair the Bristol Business School at the University of the West of England. We hope to launch shortly a centre for enterprise. However, there are currently very few such initiatives. Sir Tom Hunter established a centre for entrepreneurship at Strathclyde, and Sir Anthony Seldon has set up an entrepreneurs centre at Buckingham, where he is vice-chancellor. But as I said, those initiatives are few and far between.

Equally, for young people leaving school, there is no formal vocational training route for those wishing to establish their own business, become entrepreneurs or even be self-employed, yet the small and medium-sized enterprise market accounts for 99% of all private sector business in the UK. For a young person to go straight from school to running their own business is a huge step, and most could not take the financial and emotional risk without proper training and support. Maybe the apprenticeship system could help fill that void.

Enterprise is also a subject area that could and should feature more strongly in schools. Again, there are few good examples of that. Sir Rod Aldridge has set up “Creates” centres in all his academies to enable students and others in those communities to start businesses in the schools, and these centres provide entrepreneurial training for all pupils. I know that Sir Rod is also interested in developing an entrepreneur apprenticeship scheme so that apprentices could achieve a level 4 standard while running their own business.

So my question is: why does enterprise get so little attention in our education system? In my time, now long ago, as Permanent Secretary at the then Department for Education and Employment, we began to see business having an increasing and healthy influence on the education system, but since then we seem to have regressed. Perhaps the business and the education departments need to be told to work closer together to ensure that enterprise features in our curricula at all levels. Perhaps business itself needs to be better organised, more confident and more articulate in explaining why this is so important and maybe the new business council is a vehicle for that.

To be clear, I am not encouraging yet further debates on the balance between vocational, technical and academic education. Those debates, I am sure, will go on. This is about ensuring that all students, whatever their subject, develop the desire and capability to be enterprising. It will not happen naturally, there is probably nothing we need more to be successful in a post-Brexit world.

10.57 pm

The Earl of Lytton (CB): My Lords, I apologise to noble Lords at this hour for appearing in the wrong place on the list, but their gain will be my loss because I will have an even shorter speech. The gracious Speech contains many valuable proposals. As a professional

involved with property, much of what I would advocate in doing things better has been very tragically illustrated by the Grenfell Tower fire. I add my sympathies to all those affected. Here, the best of regulatory intentions in improving and updating an ageing housing stock have found us wanting.

Like other noble Lords, I suggest that there are many areas in which public administration and corporate social responsibility must improve. Regulators often appear ineffective, even toothless, and ethical tests seem to be missing from their toolbox. We would do well to consider impediments created by the inaccessibility of the judicial process to most normal folk and the economic implications of not having that check on actions by others.

In particular, we should address the “us and them”—perhaps the point made by the noble Viscount, Lord Thurso—and the sentiment that public administration is often not seen as being for the people or by their elected representatives. From my own standpoint, sometimes it is not clear whether one is dealing with the objective public administrator, a commercial competitor or some sort of political adversary. That should not happen.

The noble Lord, Lord Naseby, referred to business rates. Yes, indeed, not only is the valuation in some areas patently faulty, but the Valuation Office Agency itself is faced with substantial cuts. Then there is the new rating appeals system. A more dysfunctional, intrusive and frustrating process which seems to have been designed to prevent appeals happening at all is hard to imagine, but it is being paraded as a simpler and fairer system—I wish.

I welcome the attention being given to the question of spurious personal injury claims in motor accidents, but Highways England's own contractors are apparently not averse to submitting inflated “green claims”, as they are known, for highway infrastructure damage caused during motor accidents. These increase insurance costs, too, and appear to be outwith the contractual arrangements with Highways England, and yet nothing seems to be done about them.

Planning departments across the country are underresourced. This matters because approval of reserved matters in planning consents is often mired in utterly unreasonable compliance demands and some are, frankly, nihilistic. All of them cost a fortune to resolve, but significantly most could be resolved by greater officer experience, the very experience which has in large measure been lost from that sector. All of these factors add cost, risk, delay and drag in delivery and fetter growth, to say nothing of developers then gaming the system for their own advantage. Housing and infrastructure are at stake here, and making ourselves best fitted for Brexit means that we can and must attend to these inefficiencies because much of the thrust of the other proposals in the gracious Speech will depend on it.

11.01 pm

Baroness Kramer (LD): My Lords, many powerful speeches have made across a range of issues and I confess before I start that I have absolutely no hope of doing this debate justice. The debate was opened by

[BARONESS KRAMER]

the noble Lord, Lord Callanan, and I join others in welcoming him to his role on the Front Bench. However, he described an economy that I think almost no one in this House recognised. He quoted a figure of 2% growth for the UK economy this year. Perhaps I may say to him gently that that figure was binned months ago. The British Chambers of Commerce has today given its forecast for this year of 1.5% growth, dropping to 1.3% next year, and the term now being used is “stagnant”. Part of that is the impact of Brexit—its uncertainty and the expectation of job disruption, export losses and the cost of the devaluation of sterling. It is certainly not the picture that the Minister addressed. A number of other speakers, including the noble Lords, Lord Eatwell, Lord Hain and Lord Howarth, and my noble friend Lord Thurso, questioned his analysis of the economy.

I want in particular to pick up on an issue that was raised by the noble Baroness, Lady Altmann. It is often overlooked but it is crucial. I refer to rising consumer debt. The Minister will know from IFS reports that repayment of consumer debt is now taking a bigger bite out of personal income than it did in the run-up to the 2008 crisis. That number is completely unsustainable. The buoyancy, or bubble, that we saw in economic growth shortly after the Brexit period was fuelled by consumer spending financed in turn by unsupportable and unsustainable consumer debt. This is an issue that ought to be addressed and I wish we had seen more about it in the Queen's Speech and, frankly, in other proposals being put forward by the Government.

I also want to take this opportunity to welcome the two Members of your Lordships' House who have made their maiden speeches today, the noble Lords, Lord Mountevans and Lord Colgrain. They were superb speeches, but it was interesting that both noble Lords talked about their experience in the City. That is highly relevant as we reach the point where we address the issue of Brexit, a subject that has probably been understated in today's debate. There may be a certain exhaustion around it, but perhaps I may point out that the City of London and the financial services industry, described so eloquently by both our maiden speakers, are the major underpinning of the whole of the British economy. They are very much at risk as we enter the Brexit process.

This House will be aware that many organisations, having found that they got no sympathetic ear from the Government, have progressed with making their own plans. Most of the major American players have now identified a new European headquarters—it might be in Dublin or Luxembourg; some have identified two major European headquarters—to which they will begin to transfer business. Lloyd's of London has opened, or is in the process of opening, its EU headquarters in Luxembourg. The small players—the fintechs—are part of the future and were mostly pan-European from the day they were conceived. One third of them were founded in, or have CFOs from, continental Europe. They have all started making their plans and have begun that process of shifting, not in great numbers, initially, but giving themselves the opportunity to gradually, salami slice by salami slice, decide where they can best put their business to serve their critical European clientele.

Strangely, no one referred to the decisions by the European Central Bank, soon to be ratified by the European Parliament, that will define where euro-denominated financial instruments can be cleared. The European Central Bank has set up a set of rules that are quite interesting because the UK has always argued, “We will never lose this business; Europe doesn't have the capacity to take it”. The European Central Bank has now set up a system that will allow it to grow capacity and shift a piece of business, grow capacity and shift another piece of business, with the UK Government completely unable to intervene in this process in any way whatever. Frankly, some realism needs to be injected into this debate.

Speaking of that realism, I want to pick up the point that the noble Baroness, Lady Rock, and others made: business has been excluded from this discussion. I say to the noble Lord, Lord Leigh, that the issue for business in the whole discussion about business being listened to is essentially about Brexit, not taxation or regulation. Finally, there is some listening to business: we understand there is to be a council now that will enable various government departments at the highest level to engage with business. The problem is that in many instances, it is too little, too late. Moves have been decided and the beginning of that process is now well under way; leases have been negotiated, HR has gone through various iterations. We have to start being realistic about this, rather than talking as if nothing has happened over the past nine months: we may not have done much, but businesses and the European Union have done a great deal.

There was one fascinating area of the discussion that I had obviously not focused on to the extent I should have: concerns around agriculture. A number of Members of this House—the noble Lords, Lord Inglewood and Lord Colgrain, the noble Baroness, Lady McIntosh, the right reverend Prelate the Bishop of St Albans and the noble Duke, the Duke of Wellington—talked about the impact of Brexit on agriculture, reminding this House of the need for a workforce and access to European markets, because agriculture in this country is underpinned by its capacity to export to the European Union. The domestic agricultural system survives only because it also has that export opportunity. Those complications have been underdiscussed in this House and I hope they will be discussed more.

I particularly want to pick up on an issue that was raised by the noble Lord, Lord Colgrain, and addressed by the noble Lord, Lord Plumb: the idea that we could follow New Zealand's system of restoring our agricultural strength after Brexit. The noble Lord, Lord Plumb, reminded us that this was achieved by much lower standards of animal welfare, health and safety and environmental standards than are acceptable in the UK today—or acceptable, I suspect, to UK consumers. I pick up on concerns about the environment expressed by my noble friend Lady Parminter, the noble Lord, Lord Oxburgh, and many others. There is a deep, underlying concern as we move into the future that we should not use this as an opportunity to water down and undermine environmental standards that our entire community now expects as a fundamental underpinning.

There are many other issues that could have been in this year's Queen's Speech, from productivity, raised by my noble friend, Lord Razzall, to housing issues, underlined by the noble Lord, Lord Naseby. There is a vast range of crucial issues, including those around artificial intelligence, the new economy, getting companies to invest and productivity. All are missing from this Queen's Speech. I do not have the opportunity to continue to summarise this but I know that the Minister will look at *Hansard* and look at that range and depth. I hope we can bring this Government to find a way to address those absolutely key issues and not set them aside for two years, when many are vital to the future of both our economy and our young people.

11.10 pm

Lord Davies of Oldham (Lab): My Lords, this has been an excellent debate. First, I congratulate the noble Lord, Lord Callanan, on his appointment, and the clarity with which he presented the opening statement, although I have to say to him that I disagreed with about 90% of it, which is par for the course in these discussions in this Chamber.

We had some very important contributions on fisheries and agriculture. Both the maiden speakers made excellent speeches and we welcome their contributions to our subsequent debates. But the thing about fisheries and agriculture is that we have to start again. The withdrawal from the common fisheries policy and the London fisheries convention is bound to be problematic, as is the establishment of a new agricultural regime. Although I appreciated the fact that several noble Lords expressed considerable optimism about what could be done, we have to recognise that at present the Government have given us very little insight into these important developments. Of course, this is against a background where they did not plan for Brexit because the Government of David Cameron had not expected to lose the referendum. It is not surprising, therefore, that there is very little consultation or discussion on two areas of policy, which have been spoken about this evening and about which on the whole we remain at this stage very much in the dark—the Government involved in aspiration rather than inspiration on these points.

As for the environment, it is the pursuit of the wrong policies that we criticise on this side of the House. Do we remember that David Cameron's Tory Government was to be the greenest ever? Do we remember the days of the huskies and various concepts such as that? Yet there has been limited investment in renewable energy. Of course, the Government sold off the green bank. We are on course to miss key climate change targets, and we have to add to this the ending of the Department of Energy and Climate Change by the Prime Minister, Theresa May. As my noble friend Lady Jones mentioned in her opening statement, the amazing fact we have to adjust to is the appointment of Michael Gove as Secretary of State in the department. It is not surprising that the Prime Minister wanted to show her keen appreciation of President Trump when she went to see him. She must have approved very much of his attitude towards climate change, at least.

Of course, we approve of the capping of energy prices by the Government, who managed in this last election to catch up with the Labour proposals in the

2015 election. There was some sign of realisation that one of the things presently facing a very large number of people in the United Kingdom, many of them on low incomes, is the real cost of energy.

On transport, notwithstanding the contribution of the noble Lord, Lord Framlingham, Labour supports HS2. It is essential to meet the rail demands of both passengers and freight between London and the north. We did wonder why the election promise of a rail transport ombudsman has been jettisoned. Presumably the Government think that Southern railway is doing reasonably well and that passengers are reasonably satisfied with the service. If they think that, they need to have a substantial recasting of their views on the state of our railways. From all I can see, the main transport proposals in the Queen's Speech seem to have been on automated cars, space travel and insurance controls over whiplash claims. These are all desirable features—I like to see the Government look to the more distant future—but scarcely crucial to the infrastructure of our national economy and its present needs.

There were many contributions on business and the state of the economy. It looks pretty clear that we are to have a surfeit of finance Bills, which cannot bring us too much confidence in this House. We all recall the last finance Bill, when the Chancellor proposed one approach to national insurance contributions and shortly afterwards—four days, in fact—the Prime Minister annulled those proposals. We cannot therefore expect too much from the finance Bills to come.

However, we hope that the proposals on tax avoidance will be reinforced. We have pressed on this issue ever since the Government appeared to be a somewhat late convert—I am talking about a decade ago—to the realisation that tax avoidance was going on at a colossal scale, not by individual citizens or, to a degree, by the wealthiest among them but by multinational companies that were often paying less tax than individual employees were paying. This requires a well-staffed, well-trained and invigorated department of the Inland Revenue, yet the Government keep telling us how important it is to scale down the government machine. It is so important, they say, that we should reduce the role of the state in our society even to the point of reducing the role of those who collect the appropriate taxes from those who should be paying them.

This is a Queen's Speech which pays little constructive attention to the deplorable state of our economy. I could scarcely credit the opening statement by the Minister. The first person to demonstrate how erroneous the Minister might have been was the noble Lord, Lord Low of Dalston, who spoke from the Cross Benches and produced a devastating indictment of how the Government have run the economy over recent years. We all remember that the deficit, which the Government now claim full credit for having reduced, was meant to have been eliminated by 2015. The appalling cuts in public expenditure and the sacrifice of our people during the period of austerity were meant to be over in five years, but instead, we had an extension first by Chancellor Osborne until 2018 and, under the new Chancellor, we are going deep into the 2020s. It is not surprising that the people are rising up against austerity when the Government

[LORD DAVIES OF OLDHAM] are showing such obvious incompetence about hitting the target that they said that austerity was designed to achieve.

I am grateful to my noble friend Lord Howarth of Newport, who clearly identified the nature of just what government cuts in our society have created. We have reached a stage at which food banks are part of our economy. We have a situation in which the Government boast about an extension in employment but more than 1 million of the people who are employed are on zero-hours contracts. That form of employment might be considered acceptable to the Conservative side of the House, but it is not acceptable to all normal people who are trying to run their household budgets when they do not know with certainty whether their employer will use their work any day of the week. We have also seen enormous cuts in all the services which our people value. There have been cuts to education and a sharp reduction in funding of our schools and the decimation of our further education colleges and lifelong learning provision. No wonder the Government are waking up to the fact that if they are going to improve the skills of our nation, they have to reverse some of the policies they have been pursuing in recent years with such thoroughness.

There have also been cuts to the police and warnings that they may not be able to guarantee our safety because there are insufficient police officers as a result of such cuts. There have been cuts to local authorities, about which we have complained incessantly in this House, often to the rather obvious derision of Conservative Ministers who seem to think that local authorities can fulfil their obligations with the most marginal resources, until the cuts begin to bite where they produce enormous damage to our people: of course I am referring to the tragedy in the London Borough of Kensington and Chelsea. That borough saved a certain amount on cladding and has £300 million in its reserves. That is the difference between a rich borough that knows where its resources are and how little it is prepared to spend on the needs of its people. It is quite clear. What stands out from this is the reference made by several noble Lords to our gross lack of effective expenditure on housing, particularly social housing. The Government have to change their tune on that, otherwise there is no doubt that the people will speak with vengeance against the Government if they carry on with their present strategy.

The problem for the Government is that they cannot run the economy. They keep talking about the necessity to improve productivity, and our productivity has slumped under this Government. We are down with Italy at the bottom of the G7 in terms of the effectiveness of our workforce. How can the Government pretend that they are developing the economy successfully when that figure is clearly identified for us?

Another point, which the noble Baroness, Lady Kramer, just referred to, is that we are running personal debt at a higher level than before the 2008 crash. If that is not a warning hint to the Government about the problems of our economy, I do not know what is.

The noble Baroness, Lady Rock, said that if you are going to get investment in the economy, you need certainty. Certainty from this Government? Certainty

when they lost a referendum which the Prime Minister called in order to win and who was then forced to resign? Certainty when the next Prime Minister decided the majority was not sufficient to run the country successfully and then found that she had translated a small majority into minority government? Is that where certainty is meant to come from for our businesses and for investors? It is quite clear that this Government are on the rocks. Even the much-vaunted lead Minister on Brexit, David Davis, is in the extraordinary position that he made it quite clear to the nation that he intended to go to Brussels to define the priorities in the discussions and then conceded to European arguments on that matter on the very first day.

I have some sympathy for the Minister who is to wind up on this. We all recognise that he is a principled man who enjoys a great deal of affection in this House. But this evening, he has to respond to the challenges that have been laid down from this side of the House, and from many parts of the House, on the state of the economy, which is crucial to the welfare of the nation but at present is being conducted by a Government who offer us no hope.

11.25 pm

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Prior of Brampton) (Con): My Lords, we have had more than 60 speakers this evening, and many insights from much experience. We have ranged from lobsters, through the libel laws to horticulture, and I am afraid I cannot address all the issues that have been raised this evening. But I will just begin by congratulating my noble friend Lord Callanan on introducing the debate so well earlier this evening. He set out a very comprehensive legislative programme over the next two years, and I do not intend to repeat what he has said already. I also congratulate the noble Lords, Lord Mountevans and Lord Colgrain, on their two excellent maiden speeches. They bring to this House much experience from the world of financial services, the maritime industry and the rural sector.

I intend to spend most of my time this evening discussing the economy—as the noble Lord, Lord Davies, would like me to do—and Brexit a bit. Before I do that, two issues have been raised by a number of noble Lords this evening in addition to those. The first, of course, is agriculture. I refer to my declaration of interests: I am a partner in a small family farm. I was talking to a farmer at the weekend who was ranting on about the uncertainty caused by Brexit for the outlook for farm prices and about the difficulty he had in attracting labour to pick his fruit. I asked him how he had voted in the referendum, and he said he had voted for Brexit, so my sympathy for that particular farmer was somewhat limited in the circumstances.

As the noble Lords, Lord Plumb and Lord Curry, two very distinguished former presidents of the National Farmers' Union, have said in the debate this evening, British agriculture is facing probably about as much uncertainty, or as big a decision, as it faced in 1946 after the war. We will be returning to this country the powers to make our own decisions about the trade-offs and priorities in British farming. We will have to decide whether we will retain area payments, whether we wish to treat big farmers differently from small

farmers and what the trade-offs are between low prices and the need for better animal welfare. Then there are the ethical concerns about GM foods and animal and plant breeding. Those are the kind of decisions that we will have to make.

Personally, I have never been a great fan of the common agricultural policy. I felt it was a policy designed, by and large, for French farmers and the French structure of agriculture rather than the structure of British agriculture, which is very different. I have always been very pro-European myself, and I voted to remain in the European Union, but I think the repatriation of the common agricultural policy will be a good thing in the long run for British consumers and British agriculture.

The other issue that I ought to address was raised by the noble Baroness, Lady Featherstone, and the noble Lord, Lord Oxburgh, and other noble Lords: climate change and what we are doing on that. I would just point out to the noble Baroness, who was very critical of our policy on climate change, that between 1990 and 2016, carbon emissions in this country went down by 42%, at a time when GDP grew by 67%. I do not take all the credit for that. In fact, I personally take none of the credit for it. The coalition Government, of whom she and her colleagues were a part, can take some credit for that, but we have made huge progress in that area. We are trebling renewable electricity capacity for the period from 2010 to date. We have spent £730 million on renewable support over that time. We are leading the world in the offshore wind industry. We are committing £1 million to support ultra-low-emission vehicles. I do not feel remotely embarrassed about what this country has done when it comes to meeting our obligations to reduce carbon emissions and supporting all our initiatives on climate change.

I turn to Brexit. I do not want to spend the rest of my time talking about Brexit, because virtually everything that could be said about it has been said before. It is undeniable that there is a high degree of uncertainty in the business world at the moment, a point made by my noble friend Lady Rock, and it is going to be some time before we reach the sunny uplands of the economy that may result from Brexit. However, there is a dream that most of us can share, whether we are pro-European or have always wanted to leave the EU, and that is that we can come out of the machinery of government of the EU, we can leave that structure, and remain a very strong and committed trading partner with Europe. Surely now that we have had the vote on the referendum, that is something that we all need to support and get around. One of the few clear messages that came out of the last general election is that the electorate want us to work together to deliver a satisfactory outcome to the Brexit negotiations. I hope there is no room on either side for any triumphalism in these matters. We need now to get together and work out a solution.

I turn to the more substantive issue of this debate: the UK economy. We have reduced the deficit by 75%. Of course we would have liked to have cleared it further than we have. It is only because we were not actually tied as tightly to the policies of austerity that we have not succeeded in doing so. Still, the employment

rate is now the highest it has ever been in this country, and over the last three years we have been the second-fastest growing economy in the EU.

That is one part of the picture. I accept that there is another part, and I thought the noble Lord, Lord Low, put it very strongly in his speech, while the Lord, Lord Hain, talked about seven years of prosperity. The noble Lord, Lord Low, referred to the personal misery of many young people who were without hope. The right reverend Prelate the Bishop of Durham referred to the precariousness and uncertainty of business in the north-east where he is in Durham. It is true that pay growth and earnings have been stagnant for many people. It is hard to disagree with the analysis that too many people have been left behind and that, as the economy has grown, too few people have enjoyed the benefit of it. However, this is not a recent phenomenon; it has been a growing issue for most of my working life. We have to ask ourselves why it has happened, and I think the answer is twofold.

The first answer is globalisation. The great beneficiaries of globalisation have been the billions of people living in China, south Asia, India and the like who have been raised out of poverty in extraordinary fashion over the last 20 or 30 years. The other beneficiaries have been a very small minority of people living in the West, many of them like those in this Chamber today, who have seen extraordinary rises in their income over the same period. That is true of every country in Europe and the USA. It is somewhat less in some of the Scandinavian countries, but by and large there has been a small sliver of people who have done extremely well over the last 20 or 30 years. There have been a small number of winners and a great many people who, if I may use the expression used by our Prime Minister, are “just about managing”. The Prime Minister absolutely recognised that as a huge issue.

The noble Viscount, Lord Thurso, talked about wealth creation and social cohesion. If we are honest with ourselves, we have not done so well on social cohesion, and not just over the last two or three years. You cannot just put this at our doorstep; it has been happening at a fundamental level for many years.

If we ask ourselves why so many people have had to put up with stagnant earnings for so long, the only true answer, as several noble Lords have said, is that we have had very poor levels of productivity. Paul Krugman said:

“Productivity isn’t everything, but in the long run it is almost everything”.

The fact is that, since the 1980s, we have been trailing in productivity by 20% or 30% behind the Germans, the French and the Americans. I have to accept, because it is true, that that gap has widened, not narrowed, since 2007. I do not think anyone fully knows the reasons for that, but it is actually worse than that, because in the south-east of this country and in London our productivity is very high. Arithmetically, it must be true, therefore, that in other parts of the country the productivity gap is even greater.

I have to say to the House that I think that this trend is getting worse, not better. There is a risk that it will get worse very quickly, because the advent of what is called “Industry 4.0”—in lay man’s terms, machine

[LORD PRIOR OF BRAMPTON]

learning, artificial intelligence, robotics and automation—is, if anything, going to make it more difficult. One of the great lessons that we need to learn from the 1980s is that we have to look at the consequence of these changes. The consequences of globalisation destroyed the livelihoods of many people during the 1980s and 1990s. We must make very sure that those people who lose their jobs as a result of these new technologies are looked after much better than we have looked after people in the past. The noble Lord, Lord Fox, said in his introduction that he thought that this was an existential challenge outside Brexit. In many ways, the impact of these new technologies could be greater than that of Brexit.

Interestingly, the speeches of the chief economist at the Bank of England, Andy Haldane, predict that between now and 2030 16 million to 17 million existing jobs will disappear. That is supported by work done by the McKinsey institute. That is a huge change in a very short period that we will have to address. We are addressing it through our industrial strategy, and I shall describe just a few parts of that.

First, as the noble Lord, Lord Kakkar, said, we must build our universities. Our universities are an absolute source of competitive advantage for this country. We have four universities—Imperial, UCL, Oxford and Cambridge—in the top 10 in the world, and building on the universities to develop our life science industry, as described by the noble Lord, is a priority for us.

Skill is, clearly, always a huge issue. The noble Lord, Lord Howarth, said that we have a 200-year cultural legacy of problems in this area. We have always favoured academic over technical education. That is something that we must address in our industrial strategy. We must address digital and technical skills. The noble Lord, Lord Bichard, was absolutely right to draw attention to the need to develop enterprise and entrepreneurship skills at the same time. The noble Lord, Lord Kirkham, referred to the need for parity of esteem between technical and academic education.

We must address our physical infrastructure. We have talked about HS2. I will not get into a discussion with my noble friend Lord Framlingham about HS2 this evening, but a strong, good, efficient physical infrastructure is very important. So is high-speed broadband. It is a disgrace that we still have 2,000 schools this country without access to broadband. We have a commitment that, by 2018, 95% of the

country will be covered by high-speed broadband—that point was made strongly by the noble Earl, Lord Arran.

The noble Earl, Lord Selborne, said that we must be sure that our industrial strategy is based around the country. It is no good basing our industrial strategy on London; it has to be in some of our great northern cities, in the northern powerhouse, Birmingham, Newcastle and the like. Two other interesting observations were made about the strategy. One was by my noble friend Lord Lindsay: that our quality standards under UKQI were an important part of the British offering abroad. My noble friend Lord Leigh and others referred to Sir Damon Buffini's report on patient equity capital being available to our start-up firms, which is very important.

We are not starting at ground zero. I pay tribute to the noble Lord, Lord Mandelson, who is not here this evening, and to Vince Cable in the other place, both of whom, as the noble Lord, Lord Fox, mentioned in his speech, had a big contribution to make to our industrial strategy, which is something that we in this Government are building on. We are investing £23 billion through the national productivity investment fund up to 2021-22 into key productivity-enhancing areas such as infrastructure, R&D and housing. We are putting an extra £4.7 billion into science, research and innovation, and we have formed UKRI.

We are not standing still. I hope that large parts of our industrial strategy will gain the support of all parts of the House. If we do not address this productivity problem, we cannot address the social cohesion issue. I can assure noble Lords that our industrial strategy will have twin aims. It is in part wealth creation, but it is also, and very importantly, about social cohesion. If we do not get both those parts of this strategy right, we will not be successful.

It is late, so I shall bring my speech to a conclusion. For me, it has been, as it always is in this House, a very enlightening debate. It is right that we should hold up a mirror, and sometimes we see different things in that mirror. The noble Lord, Lord Davies, sees different things from me in the mirror. The truth is that we are probably both right to some extent. We probably ought to be given more credit than has been given to us. We acknowledge many of the problems in the economy that others not on my side of the House have identified and we will be using our industrial strategy to address them.

Debate adjourned until Tuesday 27 June.

House adjourned at 11.43 pm.