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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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

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

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House of Lords

Thursday 6 July 2017

11 am

Prayers—read by the Lord Bishop of Southwark.

Oaths and Affirmations

11.05 am

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

Brexit: EU Institution Relocations Question

11.05 am

Asked by Lord Harrison

To ask Her Majesty's Government, in the light of Brexit, what assessment they have made of the impact on jobs and the economy of any relocations away from the United Kingdom of European Union institutions based in this country, such as the European Banking Authority.

The Minister of State, Department for Exiting the European Union (Baroness Anelay of St Johns) (Con): My Lords, in the negotiations, we will discuss with the European Union and its bodies how best to continue economic co-operation. It is in the interests of both the UK and the EU to secure a mutually beneficial agreement for business and citizens across Europe.

Lord Harrison (Lab): My Lords, according to the briefing paper from the House of Commons, the hard Brexit expulsion of the European Medicines Agency and the European Banking Authority will cost us jobs, tax revenues and personnel with deep knowledge of banking and medicines, and will incur the costs of this relocation to another country. Could the Minister detail the bright, sunlit uplands for opportunity foreseen by Brexiteers for this dark and wilful act of self-harm?

Baroness Anelay of St Johns: My Lords, as this country goes into the light of being able to decide its own future and laws, we will continue to press hard for the stability and the economy we have had heretofore. That also means we will press hard to continue the safety of products in the medical and life sciences world. The locations of agencies in themselves do not determine the future health of our economy or the safety of our products. What will determine that is achieving that deep and special relationship with the European Union. That is what we shall do.

Baroness Ludford (LD): My Lords, is it not apparent to all except extreme Brexiteers that the retention of a decent trade relationship with the EU is dependent on regulatory co-operation? That means a role for EU law and the European Court of Justice. Certainly, Jeremy Hunt and Greg Clark recognised this in the case of pharmaceuticals. When will the Government put the economic interests of this country before an absurd fetish and prejudice against European judges?

Baroness Anelay of St Johns: My Lords, I would not know anything about fetishes. I certainly know quite a lot more about the need to ensure that this House is well informed. That is what I shall seek to do about the way the Government engage in negotiations. The noble Baroness raised an important point: we must ensure that we have security and safety in the healthcare system. That is exactly what my right honourable friends Greg Clark and Jeremy Hunt were doing this week when they set out the principles on which we will work with the regulatory system across Europe and the role that we can play there. The precise description of that is yet to come but they were not saying that it would be the European Court of Justice that made the ultimate decision. Clearly, regulations are important for safety.

Lord Tebbit (Con): My Lords, does my noble friend not find it as disappointing as I do, as an indication of the failure of our education system, that so many people, even in this House, are utterly ignorant of the fact that the United Kingdom ran its own affairs very successfully for a very long time when most of Europe was in a constant turmoil of revolutions, coups and the like? Of course we can manage on our own. We do not need their court of justice to educate us in justice.

Baroness Anelay of St Johns: My Lords, as a history teacher, I certainly learned that this country has a proud history and one that we should recall. It is one that our young people today can carry forward because they have great ability, and we have the duty to ensure that their great ability can be put to best use for this country.

Lord Grocott (Lab): My Lords, it would assist all sides of the House if the Minister provided a glossary of terms relating to Brexit. My noble friend referred to hard Brexit, the Liberal Democrats referred to brutal Brexit—I am sorry, extreme Brexit—and we have heard of the hardest of hard Brexits, most extreme Brexit and soft Brexit. I would really like to know what they all are, and could the Minister explain to the House the difference between soft Brexit and remaining in the European Union?

Baroness Anelay of St Johns: My Lords, as ever, the noble Lord, Lord Grocott, provides us with a sensible approach to this. Remember, he was a really great Chief Whip. I may no longer be a government Chief Whip, but you recognise a good one when you see one. The serious issue is that I call on those who use these terms to define them. I talk about a successful Brexit, and that is the one we are negotiating.

Lord Dykes (CB): My Lords, bearing in mind that the reality for the Government is that the Brexit mandate effectively ended with the general election on 8 June and no longer exists, as well as keeping the agencies in London, would it not be a good idea to listen to the increasing advice from all sections of the population that we remain a member of the European Union?

Baroness Anelay of St Johns: No, my Lords. The people decided.

Lord Hamilton of Epsom (Con): My Lords, is it not rather early in the day to start anticipating what the outcome of our negotiations with the EU is going to be? It is inevitable that at this point, both sides will be taking more extreme positions. Compromises will eventually be reached, and there is no reason to believe that they will not be for the benefit of both the EU and the United Kingdom.

Baroness Anelay of St Johns: I agree entirely with my noble friend.

Lord Anderson of Swansea (Lab): My Lords, how are we best to construe the fact that two Cabinet Ministers felt the need to write their joint letter to the *Financial Times*? That is probably unprecedented. Does it not mean that there is a certain concern among the more moderate members about the harsh line of the more extreme members? For example, regarding the licensing suggestion with the European pharmaceutical authorities, does it not mean that we have not given up altogether our hope that the European Medicines Agency will remain at Canary Wharf?

Baroness Anelay of St Johns: On removal, the European Commission has made it clear that it intends to move the two agencies. That is a decision for the EU to make. Regarding the letter written by my right honourable friends, who could not but welcome the fact that they refer to the importance of placing patient safety at the heart of regulation, providing certainty and long-term stability to the market and building on the UK's legacy as a leader in medical innovation? There is entire Cabinet agreement on that.

Lord Kilclooney (CB): My Lords, does the Minister welcome the decision by the European Parliament last night—which was not attended by just 30 Members—by 374 to 66 votes to reject the idea from Sinn Féin and the Irish Government that Northern Ireland should be given special status separate from Great Britain?

Baroness Anelay of St Johns: My Lords, I certainly noted the discussion in the European Parliament last night. The House will know that the Government's position, taken in the speech given by my right honourable friend the Prime Minister at Lancaster House, is very clearly that there is a special relationship. We have historic ties with Ireland, and we intend to maintain the common travel area.

Business: Exports

Question

11.13 am

Asked by **Lord Empey**

To ask Her Majesty's Government, whether they are planning to provide tax incentives to businesses to encourage their staff to obtain recognised qualifications in exporting skills.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, the Government are committed to supporting businesses to export. Businesses can currently deduct the costs of

staff training from their taxable profits. The Government keep all tax policy under review, and any proposed additional relief must be assessed for its effectiveness, ability to stand up against abuse and cost to the Exchequer.

Lord Empey (UUP): My Lords, the Minister will be aware that we have just been talking about Brexit—of course, in this House we do little else. I draw to his attention the fact that more and more emphasis needs to be placed on our ability to trade and provide services internationally; there are certain skillsets that people need in order to achieve that. The apprenticeship levy will apply only to England and not to other parts of the UK, and it would good for Her Majesty's Government to send a signal to companies to encourage them to export and to upskill their people so that they could use the costs incurred by that qualification to offset against corporation tax. Surely that would send a signal to business that we are now focused on exporting, because it is going to be our lifeblood in the years ahead.

Lord Bates: The noble Lord is absolutely right to point to the tremendous opportunities that are going to open up to the UK in global markets for exporting. We are very mindful of that. We also recognise, of course, that significant investment needs to be made in understanding the complexities of trade. I pay tribute to the work of the Export Institute, of which the noble Lord is a member. The apprenticeship levy is available across the United Kingdom. In England it is for companies to determine how that is spent and offset against budgets; it is for devolved Administrations to determine how it is spent, but I would have thought that any investment in training our young people in the opportunities in trade, in particular, would be money well spent.

Baroness Kramer (LD): My Lords, this House will know that yesterday the EU and Japan agreed a free trade deal. Will the Minister tell us the cost to UK SME exporters and supply chain of exclusion from this deal?

Lord Bates: The EU agreed that deal with great support from the United Kingdom. We have made it very clear that we want to replicate such deals and potentially get even better terms for our markets. We have seen a tremendous increase in the value of exports over the past year—up by 5.8%, and up by 34.8% since 2010. We believe that we can do better than that outside the European Union.

Lord Flight (Con): My Lords, will the Government look at arrangements for the financing of exports in comparison to both the US and France? This country is much less helpful and, post-ECGD being privatised, quite a few businesses still find it difficult to get exports financed.

Lord Bates: My noble friend will be aware, of course, that the export finance levels were doubled by the Chancellor in the Autumn Statement last year. That will be a significant increase. Some 279 companies had access to export finance and more than 70% of

those were small and medium-sized enterprises—precisely the sorts of organisations that we need to encourage to do more.

Lord Tunnickliffe (Lab): My Lords, ONS figures show that Britain is currently the worst performing major economy in the world right now, so upskilling our workforce is vital. However, the LGA has recently stated that skills and employment funding is confusing, fragmented, untargeted and ineffective in its current form, where it is run by eight different government departments or agencies. How do the Government intend to better co-ordinate their haphazard approach to skills?

Lord Bates: I simply do not recognise this pessimistic view about the UK. We are the fifth largest economy in the world, according to IMF rankings; we were the fastest growing among the major economies last year; and this year we will be the second fastest growing among the major economies. Our exports are on the rise, our employment is at record levels and the United Kingdom is a fantastic place to do business. We produce some fantastic products that will be in demand—increasing demand, in my view—around the world.

Lord Foulkes of Cumnock (Lab): My Lords, the House is deeply grateful to the noble Lord, Lord Empey, for drawing our attention to these qualifications in exporting skills. Does the Minister not agree that it would even more useful if Liam Fox and some of his Ministers had these qualifications? Could he arrange for them to go on one of these courses?

Lord Bates: There is a factual answer to that—I am not sure whether it will play right into the noble Lord's hands—which is that the Export Institute is an accredited training provider to the Department for International Trade. It is actually doing that already. The reality is that the future is going to be about exports, and exports outside the European Union: the fastest growing economies in the world are all outside the European Union. We need to broaden our horizons and take advantage of the opportunities. That is going to be the future of business, for which we need to train, and be encouraged and inspired about.

Lord West of Spithead (Lab): My Lords, as regards advice to exporters, what advice are the Government giving to exporters and indeed UK citizens who are dealing with South Korea—a very big market for us—bearing in mind that there is, I am afraid, an inexorable march towards a war within that peninsula? What advice are we giving to our people and our companies there?

Lord Bates: These are very complex matters, which are being dealt with at the Security Council. They are on the agenda for the G20 and the Foreign Secretary has made statements about them today. We are taking these matters very seriously indeed. We recognise that the Republic of Korea is a major trading partner for the UK and we want to maintain those relationships and maintain peace and stability on the Korean peninsula.

Lord Wallace of Saltaire (LD): My Lords, given the statements by a number of ambassadors from the United Arab Emirates that they may be asking their trading partners to choose whether they wish to trade with Qatar or with the rest of the GCC, do the British Government yet have a position on whether they will focus on future trade with Qatar, from which we take a third of our liquid gas imports, or with the rest of the GCC, with which we have, happily, a very substantial trade surplus?

Lord Bates: We do not recognise that we will be in a position where we will have to choose. We recognise that these are very important trading partners. The Secretary of State for International Trade was in the Gulf recently and announced an increase in the export finance available for companies exporting into that region. Again, we recognise that that needs to be built on peace and stability, and we very much hope that the situation will be resolved as soon as possible.

Cultural Institutions: Curriculum Fund Question

11.21 am

Asked by **Baroness McIntosh of Hudnall**

To ask Her Majesty's Government when they intend to bring forward proposals to establish a curriculum fund for Britain's leading cultural and scientific institutions, as outlined in their 2017 manifesto.

Baroness McIntosh of Hudnall (Lab): I beg leave to ask the Question standing in my name on the Order Paper, and in doing so refer to my interests in the register, including membership of the board of the Royal Shakespeare Company.

Viscount Younger of Leckie (Con): My Lords, we want all children, whatever their background or needs, to benefit from a high-quality education that equips them with the knowledge they need to succeed in modern Britain. We want to ensure that all teachers have appropriate support to help them deliver this knowledge-rich curriculum. We will provide further detail in due course.

Baroness McIntosh of Hudnall: My Lords, I thank the Minister for that Answer, but it suggests to me that the proposal in the manifesto is as yet a little underresearched. The Minister will be aware that many cultural institutions already provide a vast amount of teaching and learning material, and work very hard to make it available. Would he accept that what is really necessary is for schools to have the funds to access this material and to feel supported in using those funds to get material which enriches the curriculum, rather than feeling undermined, particularly in respect of arts-based subjects, by a persistent mixed message from the Government about the value of creative education, which is mostly evidenced in the continuing refusal to add arts subjects to the EBacc?

Viscount Younger of Leckie: We will have to see what comes out of this initiative from the Queen's Speech, but the noble Baroness is right that a lot of

[VISCOUNT YOUNGER OF LECKIE]

organisations help schools in terms of the information they have—the British Museum is a very good example. This initiative came out of last year's *Educational Excellence Everywhere* White Paper, in which we said that the Government would increase support for teachers to deliver a more ambitious curriculum successfully, including better access to high-quality, evidence-based teaching materials. There is work to be done, but this is the beginning.

Lord Storey (LD): My Lords, given that we are seeing arts subjects being cut in schools, that there has been a 31% reduction in the funding by local authorities to museums and that 64 museums have already closed, would it not be better, rather than giving money to already wealthy establishments, to give the money to deprived areas to turn the corner so that young people have access and are able to go to visit local museums and art galleries?

Viscount Younger of Leckie: First, we are focusing on so-called opportunity areas. So we are focusing on those areas we believe are deprived, to be sure that there is better social mobility. In terms of the arts, which I think was the gist of the noble Lord's question, we fund a number of programmes to enhance children's arts education. As the noble Lord will know, these are extensive and include 120 music education hubs, and we have provided £300 million between 2016 and 2020. These ensure, for example, that every child between five and 18 has the opportunity to learn a musical instrument through whole-class ensemble teaching.

The Earl of Clancarty (CB): My Lords, it is clearly an excellent idea to use our institutions more effectively as educational resources. However, is the Minister aware that educational visits to the national museums, for instance, have been declining? Does he agree that there is nothing quite like face-to-face interaction with those objects, which may well then feature significantly within this new input into the curriculum?

Viscount Younger of Leckie: The noble Earl is correct. We want to optimise what we have in this country. The British Museum is an obvious example, but we need to look beyond London at, for example, Portsmouth or Southampton, where there is an awful lot of history and museums. Schools would do well to be given further support from government to encourage them to provide this knowledge-rich information.

Lord Turnberg (Lab): My Lords, will the noble Viscount join me in congratulating the Hepworth Wakefield Museum on its marvellous win in the Art Fund competition yesterday? One reason that it was awarded it was because of its outreach programme for children in schools, which has been enormously successful.

Viscount Younger of Leckie: Yes, of course I pass on my congratulations. That may allow me to bring a little academic input, which is that the whole idea behind bringing knowledge-rich into the curriculum—we will have to hear what comes out of it—is that cognitive science analysed and shared by thinkers such as Dan Willingham and Daisy Christodoulou reinforces the

fact that a knowledge-based academic curriculum can stimulate critical thinking and creativity. So quite a lot of science goes into this.

Lord Watson of Invergowrie (Lab): My Lords, the need for a curriculum fund for Britain's leading cultural and scientific institutions is urgent because, as my noble friend Lady McIntosh said, of the need greatly to reinforce the teaching of art and creative subjects in schools. The figures from Ofqual show a 9% continuation of the drop in take-up of studies in those subjects. I am encouraged by what the noble Viscount said about the curriculum fund, but in many cases, the reason that schools are unable to continue with art and creative subjects is that they cannot afford to do so because of cuts to their budgets. The curriculum fund may address some of that, but when the noble Viscount and the Government report on that, can they ensure that this money will be additional to what has been provided through the national funding formula?

Viscount Younger of Leckie: I cannot confirm that at the moment. I say again that we are waiting to hear the details of the curriculum fund, which will come out in due course, as I said to the noble Baroness. The House will appreciate that I should say that the arts are very important to this country, and the creative industries provide a very important sector for exports.

Lord Foulkes of Cumnock (Lab):

“Why should we, in the compass of a pale,
Keep law and form and due proportion,
Showing, as in a model, our firm estate,
When our sea-walled garden, the whole land,
Is full of weeds, her fairest flowers choked up,
Her fruit-trees all unpruned?”

Viscount Younger of Leckie: That is an interesting analogy. I am not a gardener, but I shall reflect on what the noble Lord said.

Vulnerable Children Question

11.28 am

Asked by *Baroness Eaton*

To ask Her Majesty's Government, in the light of the Children's Commissioner's *Report on Vulnerability*, published on 4 July, which estimates that 670,000 children in England are growing up in high risk families, what further action they are taking to support families.

Viscount Younger of Leckie (Con): I welcome the Children's Commissioner's report, which is a valuable contribution to the growing evidence on vulnerable children and families. Measuring the scale of the challenge is important; so too is action to improve children's lives through building children's resilience as well as addressing vulnerability. Across government, we are taking action, whether through reforming children's social care, prioritising mental health, tackling child sexual exploitation or better protecting victims of domestic violence and abuse.

Baroness Eaton (Con): I thank my noble friend for that Answer. In the report, the category with the highest number of vulnerable children in it by a long way is children in non-intact families—some 3,043,000. The Early Intervention Foundation and others state that a national strategy is needed to address relationship breakdown in families. This would need to be cross-departmental. What are Her Majesty's Government doing to develop such a strategy?

Viscount Younger of Leckie: The figure that my noble friend has given gives rise to concern, certainly. Influential evidence from the Early Intervention Foundation and the Centre for Social Justice, among others, has shown the importance of strong family relationships. The evidence is clear that, when conflict between parents is frequent, intense and poorly resolved, it leads to negative outcomes for children. The report builds on cross-party and cross-government recognition of the challenges that need to be addressed and are often entrenched. That is why the Government are developing a new national programme to reduce conflict between parents, led by the Department for Work and Pensions, working closely with the DCLG and the Department of Health.

Lord Blunkett (Lab): My Lords, I welcome this very substantial report from an excellent Children's Commissioner. Will the Minister reflect on the fact that one missing category from the report are the children of families where one of the parents has been sent to prison and where, after lengthy prison sentences, the impact on the children will have not just a concern for us morally but a societal impact down the line that we will need to take practical measures to overcome? Will that be considered in reflecting on the report?

Viscount Younger of Leckie: The noble Lord makes a good point. I have in front of me the four key categories highlighted by the Children's Commissioner. Within those four categories are 32 cohorts. It is true that the issue of children linked to prisons is not in there, but there are some very interesting statistics under the heading of "Children with family-related vulnerabilities".

Baroness Benjamin (LD): My Lords, children are joining gangs and carrying knives for protection because they feel vulnerable. They are living in fear of being attacked, getting their guidance from glamorised violence and social media instead of absent fathers. Many are traumatised because they see their friends being murdered on the streets. What are the Government doing to educate children about the consequences and dangers of knife crime to stop this rising violent culture from spreading?

Viscount Younger of Leckie: There are certainly a good number of actions—and schools play their part in this. As a result of the work, particularly in this House, on the Children and Social Work Act 2017, which received Royal Assent in April, many actions are being taken reforming further children's social care, focusing on childhood mental health, and addressing

parental drug and alcohol abuse. I could name a lot more, but a lot of actions are being taken in that important area.

Lord Laming (CB): My Lords, I feel sure that the noble Viscount and the rest of the House will recognise that a high proportion of these children will be being supported day by day, week by week, by local authority social workers. This is very tough and demanding work, and we in this House ought to do all we can to support those social workers in their work, rather than concentrate on the occasional tragedy that happens, against which the profession is judged as if it happened day in and day out. Day in and day out, children are being supported by social workers—and is not it a pity that we have lost so many Sure Start schemes?

Viscount Younger of Leckie: I acknowledge the point that the noble Lord has made. The figure that I have is that 580,000 children are supported or accommodated by the state, a figure that is clearly of great concern, but it provides an extremely good start on a very difficult, entrenched problem—that at last we have statistics that we can base actions on. This has not happened before, and we should applaud the work that the Children's Commissioner has done. As she says herself, the figures are not particularly robust, but it is a start and part of her long-term review of the issue.

Lord Selkirk of Douglas (Con): Will my noble friend the Minister accept that, whatever the circumstances, the interests of the child should be paramount?

Viscount Younger of Leckie: Yes, indeed. In this House, in a number of other Questions and debates, the issue of focusing on children from an early age, right through to the age of 18 and beyond, is very important. There is a whole range of things that we are looking at.

Baroness Farrington of Ribbleton (Lab): My Lords, would the Minister accept that the problems identified in the report and supported by the noble Lord, Lord Laming, require additional public expenditure in England? Would he give a categorical undertaking that the same criteria that we use to measure the needs in Northern Ireland—which I do not denigrate in any way—will be used to assess the needs in England, which has fallen behind? When will the Government act urgently to meet those needs in England?

Viscount Younger of Leckie: The noble Baroness would not expect me to commit to a guarantee on this—we need to go back to what the issues are. This report allows us to have some sort of initial base from which to work and to look forward to see what resources there are and where they should be directed in order to address the issue. The noble Baroness will know that we have made considerable progress on the troubled families programme, for example, which is just a small part of a big problem.

The Countess of Mar (CB): My Lords, there is another side to this coin, as the noble Lord, Lord Hunt of Kings Heath, highlighted in response to my Question on Tuesday. There are many families who

[THE COUNTESS OF MAR]
are put through absolute hell because they are accused of fabricated or induced illness in respect of children with ME. The social workers try very hard, and I realise that they are the lead when proceedings are started against these families. Can the Minister say what ability his department has to increase the strength of the social workers when they face teachers, paediatricians and police who are determined that these children will be put into care?

Viscount Younger of Leckie: This is a matter that my department would want to work on with the Department of Health. The category that the noble Countess has raised includes 2.3 million children who come under the heading of health-related vulnerabilities, and ME definitely comes into that. The question that she raised about carers is important; I shall certainly take that up with the Department of Health and see what more information I can give her.

EEA Nationals (Indefinite Leave to Remain) Bill [HL]

First Reading

11.37 am

A Bill to amend the Immigration Act 1971 to grant indefinite leave to remain in the United Kingdom to all EEA nationals, their family members and extended family members who are resident in the United Kingdom on the date of exit from the European Union.

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

Victims of Crime (Rights, Entitlements, and Notification of Child Sexual Abuse) Bill [HL]

First Reading

11.37 am

A Bill to make provision for specifying new statutory rights and entitlements for victims of crime under the Code of Practice for Victims of Crime; to require elected local policing bodies to assess victims services; to increase the duties of the Commissioner for Victims and Witnesses; to grant victims the right to request a review of a decision not to prosecute; to establish reviews in homicides where no criminal charge has been made; to create an obligation on professions to notify cases of possible victims of child sexual abuse; and for connected purposes.

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

Schools (Mental Health and Wellbeing) Bill [HL]

First Reading

11.38 am

A Bill to make provision for state-maintained schools to promote the mental health and well-being of their pupils alongside academic attainment.

The Bill was introduced by Lord Storey (on behalf of Baroness Tyler of Enfield) read a first time and ordered to be printed.

Policing Resources Bill [HL]

First Reading

11.38 am

A Bill to make provision for ensuring that police forces in England and Wales have sufficient resources to deliver police services; and for connected purposes.

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

Certificate of Loss Bill [HL]

First Reading

11.39 am

A Bill to make provision for a certificate to be issued to mothers in respect of miscarried and stillborn children not eligible for registration under the Births and Deaths Registration Act 1953; for establishing a database for archiving the certificate and recording information about the miscarriage or still birth; and for connected purposes.

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

Business of the House

Motion on Standing Orders

11.39 am

Moved by Baroness Evans of Bowes Park

That, in the event of the Supply and Appropriation (Main Estimates) Bill being brought from the Commons and read a first time, Standing Order 46 (No two stages of a Bill to be taken on one day) be dispensed with on Tuesday 11 July to allow the Bill to be taken through its remaining stages that day.

Motion agreed.

Business of the House

Timing of Debates

11.40 am

Moved by Baroness Evans of Bowes Park

That the debate on the motion in the name of Lord Leigh of Hurley set down for today shall be limited to 3 hours and that in the name of Baroness Manzoor to 2 hours.

Motion agreed.

Adult Social Care Services

Statement

11.40 am

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, with permission, I shall repeat as a Statement the Answer given by my honourable friend the Parliamentary Under-Secretary of State in response to an Urgent Question in the other place. The Statement is as follows: "Mr Speaker, there are few things more important to any one of us than the way in which the eldest and

most vulnerable are cared for in our society. First, let me pay tribute to the 1.4 million people who work in this country's social care sector. They support many of the most vulnerable people in our communities in the most difficult of circumstances.

I am proud that we have done more than any Government before to improve the quality of social care: introducing a tough system of CQC ratings; new qualifications for care workers; and new standards to ensure that everyone receives the highest-quality support. I am heartened that today's CQC report, in a time of fiscal pressure, shows that 79% of providers were rated good or excellent.

The announcement that my right honourable friend the Health Secretary made on Monday set out a clear package of measures to reduce the variation highlighted by the CQC today. It is impossible to ignore the pressures that our ageing population and advances in medicine are putting on the social care system. We have seen the numbers of over-65s increase by nearly 1.2 million, or around 14%, over the last five years, and today's CQC report shows that in some areas it is completely unacceptable that standards in some settings are below those rightly expected by care users and their families.

This Government view social care as a priority, which is why the spring 2017 Budget announced an additional £2 billion to councils in England over the next three years to spend on adult social care services. This means that in total councils will have access to £9.25 billion more dedicated funding for social care over the next three years, enough to increase social care spending in real terms. We have also been clear that later this year we will be consulting widely on the future of social care in this country, to put it on a stable footing for the future and address issues related to the quality of care and variation in practice.

My right honourable friend the Health Secretary updated the House on Monday about action we are taking to address delayed discharges from hospitals in advance of this winter. Last year, there were 2.25 million delayed discharges, up 24.5% from 1.81 million in the previous year. This Government are clear that no one should stay in a hospital bed longer than is necessary: it removes people's dignity, reduces their quality of life, leads to poorer health and care outcomes for people, and is ultimately more expensive for the taxpayer.

Since February, there have been significant improvements within the health and care system, with a record decrease in month-on-month delayed discharges in April 2017. However, we must make much faster and more significant progress well in advance of next winter to help free up hospital beds for the sickest patients and reduce pressures on A&E, which is why we have introduced a package of measures to support both the NHS and local government to reduce delays. This package includes guidance, a performance dashboard, plans for local government and the NHS to deliver an equal share of the expectation to free up 2,500 hospital beds, and CQC reviews. We have also been clear that we will consider a review, in November, of 2018-19 allocations of the social care funding provided at spring Budget 2017 for areas that are poorly performing.

We have been clear that the Budget funding will all remain with local government to be used for adult social care”.

11.43 am

Baroness Wheeler (Lab): My Lords, I am grateful to the Minister for repeating the Answer, but once again the Government seem to be in complete denial about the reality of the situation facing us in social care. A year ago, the Care Quality Commission first warned that social care could be approaching a tipping point. Today, Andrea Sutcliffe, Chief Inspector of Adult Social Care, has said that,

“the danger of adult social care approaching its tipping point has not disappeared. If it tips, it will mean even more poor care, less choice and more unmet need for people”.

Why have the Government neglected to tackle the issues facing our social care sector and failed to give it the money it needs? This report highlights safety concerns in one in four care homes. Age UK described choosing a care home as Russian roulette. Does the Minister believe that it is acceptable to force people to take these kinds of risks with their loved ones?

According to the Care Quality Commission report, 4,000 fewer nursing-home beds are now open than in March 2015. Is the Minister concerned about this drop, and what actions is he taking to ensure that there are enough nursing-home beds for those who need them and enough nurses to staff them?

This week marked the sixth anniversary of the Dilnot commission report into social care. The Government accepted the commission's recommendations; they legislated for them; and they announced that the cap on personal funding would be £72,000, after which the state would intervene. Why did the Government abandon all that in favour of their ill-fated dementia tax? Why are this Government no closer to finding a solution for funding social care? Can the Minister tell the House why his Government have wasted seven years and failed to take any action to solve the social care crisis?

Lord O'Shaughnessy: I shall respond to the several questions that the noble Baroness asked. She is right that the CQC made that warning last year, and that is precisely why the Government have chosen to put in additional money—£2 billion extra was announced in the spring Budget—to support the social care system and provide real-term increases in funding.

It is worth pointing out that today's report shows that 79% of care settings received a good or outstanding rating, compared with 72% last year. There are obviously differences in the kinds of settings that were inspected; nevertheless, it shows an increase in the number of good or outstanding settings.

I completely agree with the noble Baroness's point about patient safety. I think that the phrase “the Mum test” is both accurate and evocative. Clearly, nobody wants to choose care settings that do not pass that, and any care that is inadequate is unacceptable. However, the reason we have that information about unacceptable care settings is that this Government, in coalition with the Liberal Democrats, introduced a very tough inspection regime in 2014. I believe that today's report shows that four out of five settings that were judged inadequate

[LORD O'SHAUGHNESSY]

on the first inspection had improved on reinspection, so the inspection regime is itself a critical part of dealing with the issue that she rightly points to.

The noble Baroness highlighted the number of beds and staffing. Around 165,000 more staff are working in the care sector, but of course care is moving more from residential homes to domiciliary settings, so the nature of care is changing there. However, more staff are going into the service and they are now being paid the national living wage.

Finally, it is fair to say that no Government have a completely unblemished record in getting to grips with the problem of funding care. The Labour Government had Green Papers, royal commissions, the Wanless review and so on; we have had other investigations. However, to go back to the beginning, the point is that we cannot wait any longer—we need to get on with this—and that is why I set out in the Queen's Speech debate last week that the consultation that we will publish at the end of this year will look not just at an open question but at very specific proposals around floors and caps, and I hope that we will be able to build a consensus on the need to move forward.

Baroness Walmsley (LD): My Lords, quality improvement is really urgent given that, as the noble Baroness, Lady Wheeler, said, one in four settings was found by the CQC either to be unsafe or to require improvements in safety. Safety is fundamental when you are looking for a setting for one of your loved ones. Given that, according to the CQC, the rate of improvement is slowing down in some settings and in others has deteriorated, does the Minister agree that a shortage of well-trained staff is at the root of this problem?

While we wait for the Green Paper, will the Government respond to the CQC's second warning that social care is at a tipping point and inject some urgent cash into it? Many authorities, which really understand these issues, told us last autumn, when the extra money was announced, that it was really only half of what social care required to keep it at the same level, let alone improve, so some extra cash is urgently needed.

Lord O'Shaughnessy: I reiterate the point I made to the noble Baroness, Lady Wheeler. I completely agree that safety is paramount: it is the beginning of any good care setting. As I said, the new regime highlights issues of safety where they exist so that operators and commissioners, whether that is local authorities or whoever, can demand turnaround in those services. As I said, the response to that has been demonstrated.

I mentioned that more staff are, of course, getting the national living wage, which will continue to attract people to the sector. The noble Baroness is quite right about skills, which is why we have the skills for care programme.

It is also worth pointing out that one thing the CQC report did show, as indeed you would hope it would, is that 79% of settings provided either good or outstanding care. There is no doubting the motivations of the people who work in this sector, and we all pay tribute to them. It is about making sure that there are enough of them and that they are properly skilled.

That is precisely why we have put additional money into social funding, to enable real-term increases over the next three years to address the fact that we have an ageing and growing population.

Lord Warner (CB): My Lords, I declare my interest as a member of the Dilnot commission. I am sure we all welcome the idea of a longer-term set of proposals for consideration later. However, does the Minister not realise that the money the Government have said they are putting in over the next three years, including the current year, merely puts back a lot of the money that was taken out before, and certainly does not meet the proposal for immediate funding made by your Lordships' Select Committee on the sustainability of the NHS and by the King's Fund? This year, the Government are about £1.5 billion to £2 billion short to meet the needs. Does the Minister understand that this is not just about quality but about quantity? People working in publically funded care are leaving in droves. Is this on the Department of Health's risk register? What are the Government going to do if the tipping point is reached on providers not providing publically funded social care?

Lord O'Shaughnessy: First, I congratulate the noble Lord on the work he did on the Dilnot commission in setting out the challenges we face and the kinds of solutions that we need to put the sector on a long-term footing. I merely reiterate the point that extra funding is going in, at a time when we are still addressing the £150 billion deficit that the Government inherited in 2010. That is enabling real-terms increases. Of course we need to keep going with that, because there are more older people and their care is increasingly complex.

I want to come back to the changes we are making on delayed transfers of care. Making sure that the interface between the NHS and social care is as quick, smooth and suitable for patients as possible is critical. That is why there is renewed emphasis to make sure that the money going in is addressing one of the major problems that is preventing the quality of care that we want.

Baroness Browning (Con): My Lords, will my noble friend consult the CQC on a rather intimate but difficult problem? Elderly people admitted to busy trauma wards with fractures that result in them not being able to weight-bear very often find that, when they press the bell for the loo, they are not able to access a commode and there is no time for a bedpan. They end up being consigned to using adult nappies for an unnecessary long time. That has a knock-on effect on both their ability to rehabilitate and if they subsequently go into nursing or residential care. This is an outrage. Tackling this would save money and give more dignity to elderly people, but it is not something that one hears talked about very much. I have witnessed this happen with my elderly relatives and ask the Minister to take a look at it

Lord O'Shaughnessy: I am sorry to hear that my noble friend's loved ones have experienced that. She is quite right: not only would that inhibit rehab but there is also the question of the dignity of the patient. I shall certainly look at the issue and write to her.

Baroness Pitkeathley (Lab): My Lords, the Minister has reminded us just how many consultations there have already been on this subject, most of them not moving us very far forward, sadly. It is welcome news, therefore, that the consultation will focus on solutions, not just problems. Does the Minister agree that if we are doing this for the long term—and it essential that we are—a whole-population solution and, dare I say it, a cross-party solution is required?

Lord O'Shaughnessy: The noble Baroness is quite right. We need to move forward on the basis of consensus, which is one thing that has been lacking in the past. There is no doubting the point we have reached: we cannot wait any longer and we need to move ahead. That is why we will do so, on the basis of consensus.

Businesses and SMEs

Motion to Take Note

11.55 am

Moved by Lord Leigh of Hurley

That this House takes note of the role that businesses, including SMEs, play in creating and spreading wealth, improving life chances, and contributing to the communities in which they operate.

Lord Leigh of Hurley (Con): My Lords, the wording of today's debate is, I hope, carefully chosen. It goes to the heart of what our political economy is all about—and, indeed, the very purpose of our Government: that is to say, prosperity and how to deliver it for all our citizens. We Conservatives believe that it is individuals, entrepreneurs and businesses that hold the key to delivering that prosperity, not government spending. Of course government has a role to play in levelling the playing fields to deliver equality of opportunity, but it is business, through the creation of jobs, as the debate's title suggests, that has the greatest potential to improve life chances.

By now, we all know that the capitalist system is the best system there is for increasing a community's well-being, but we on this side of the House believe—and should say—that the private sector is better at running enterprises than the state and that a bigger role for the latter, while it may appear superficially attractive, is not a panacea. In fact, for those who can remember, the 1970s speak for themselves as a decade when the state had a far bigger role to play in our economy than it does today—and economically it was a disaster.

The reason I am keen to lead this debate today is that this simple truth is in danger of being lost. The idea is increasingly taking hold, particularly among our younger people, that businesses are not good at improving life chances, and that only big government can do that. Businesses are there to be punitively taxed so their wealth can be redistributed—a necessary evil. This vision is a poor one and we need to do better.

Business, entrepreneurship and wealth creation need to be seen as our best chance to improve life chances. We need to remind all that one of the best ways of improving life chances is to start your own business. We cannot sustain a position where businesses are a soft target for political point scoring, with their role

poorly understood or, worse, maligned. Many of us recoil in horror at the prospect of nationalising industries at the cost of billions to be run by civil servants. It is up to us to show that free enterprise is the best and only way to maximise living standards for all our citizens.

Sadly, the covenant between business and society seems to have broken down. Even the relationship between government and business has frayed. When businesses spoke up in the EU referendum, they were not seen as trusted voices, even by their own employees. It was as though they had an interest of its own that was not even aligned with their staff, let alone the rest of the country. One Brexiteer said to me that their campaign received the best boost imaginable when Goldman Sachs was reported as giving Remain £500,000.

In the recent general election campaign, business was conspicuous by its absence. We must hope that it will not be as inconspicuous in the forthcoming negotiations on our exit from the EU because we need its voice. We need to understand the impact that any deal would have on business and to respond accordingly. I believe that its interests should be, and generally are, aligned with those of employees and with the national interest.

What I want to talk about today is how to reset the narrative that is currently engulfing business and the private sector and chart a course towards them once again being seen as trusted actors in our society, our communities and even as part of our political discourse.

If young people want answers to the question, "What does the Government or the Conservative party offer young people?", I would say it is through our partnership with business, investing in skills to help young people access good jobs, such as the excellent progress on the apprenticeship scheme, or through creating an environment in which people want to start businesses of their own. This is how we improve life chances.

It is a matter of some regret that the Conservative manifesto did not really offer any encouragement for people to be entrepreneurs, start businesses and offer encouragement for rapid growth, so is it any wonder that the business community no longer trusts government—and, even worse, that the public no longer trust business? The key word I have just mentioned, of course, is "trust". That is ultimately what we have lost. The Edelman Trust Barometer makes for difficult reading—only 33% trust business today, a historic low. How did it come to this?

I hope your Lordships' House agrees that entrepreneurs deserve popular acclaim, as do small businesses. Indeed, they are worthy of policy support. This is why, despite the situation I have described, I am still proud of the Government's historic record on entrepreneurship. Through entrepreneurs relief or the extension of the EIS and VCT schemes, we have successfully made the UK still the best place to start and grow a business.

Having started a business myself and enjoyed the thrill and risk of struggling to survive, let alone flourish, I understand truly that new small businesses rarely have time to raise their head above the parapet—or, indeed, the laptop—and consider their wider responsibilities. Life is just not like that.

[LORD LEIGH OF HURLEY]

This leads us to the conclusion that the real responsibility lies with larger businesses. This is where the reputational damage has been most profound and it is not difficult to understand why. Whether it is aggressive tax planning at many multinationals, such as Starbucks and Amazon—the latter, along with eBay, making it hard for UK retailers to compete owing to offshore, online retailers avoiding, or even evading, VAT—the dubious labour practices at Sports Direct, or shabby treatment of pensioners at BHS, these have become the defining examples of big business. For all these examples we have had rebuttals that the business in question did nothing wrong and that it acted within the law. It is exactly that kind of response that causes trust in institutions to plummet. This needs to change if we are to safeguard the idea that businesses can improve life chances.

The central issue is that when businesses reach a certain size, they become community actors in their own right, alongside government institutions and NGOs. In fact, if you create a new category called economic actors ranked in size, grouping together national GDP data and corporate revenue, of the 100 biggest economic actors, 37 would be companies. Faced with this important responsibility, businesses can go one of three ways. They can, first, continue to maximise profits, obey only the letter of the law and effectively abuse their position; secondly, behave this way but mitigate it with a corporate social responsibility programme that seeks a reputational dividend basically through better PR; or, thirdly, run their business as a genuine stakeholder in the community, recognising the contribution that local business and infrastructure have made to their success.

Unfortunately, business has become synonymous with the first two and not enough with the third. Look at the website of virtually any top 350 company and there will be some community responsibility guff written by a PR adviser that will almost certainly be fatuous. Make no mistake, though: unless we see more of the third route, we will not begin to restore trust in business. Indeed, because they are such significant actors, people may not trust government to hold businesses to account because it is simply not able to—they are too big. This means business must step up on its own.

But I want to use this debate to highlight some positive examples of businesses that share this attitude, which act responsibly and can lead the way for others to follow—not because of the law but because it is the right thing to do. Many noble Lords will know about Marks & Spencer and Plan A. Everyone seems to remember that it was the first to charge for plastic bags before it was the law, but there was much more to it than that. In fact, there were five key benchmarks for it to be measured against: first, become carbon neutral; secondly, send no waste to landfill from its own operations; thirdly, extend sustainable sourcing; fourthly, set new standards in ethical trading; and, lastly, help customers and employees live healthier lives. These are all self-evidently worthwhile aims and something any business should aspire to, but what was extraordinary was that when the board at Marks & Spencer signed off on the plan, it did so thinking it would be loss-making. Here is the point around which

this whole debate might revolve. As it turns out, instead of a projected cost of £40 million, it turned into a £50 million gain as consumers responded to this new approach. They liked the clever ideas such as recycling all the plastic hangers they had consumed.

Or take Sellafield in the north-west. It integrates local community needs into its corporate decision-making by agreeing socioeconomic objectives with the local community. For example, its recruitment approach includes targeting local unemployed and underemployed people. This goes to the heart of my earlier point: such is the ability of Sellafield to impact on the community in which it exists, it simply has to take responsibility itself.

So it is not enough for people to rely on government to use the law and regulations to drive better business behaviour; business simply has to step up. I will raise some examples from my own industry, financial services. Of course, I refer your Lordships to my interests in the register. Take Bridges Ventures. Here I want to give credit where it is due. It was founded off the back of the Social Investment Task Force, set up by Labour in 2000 and endorsed in 2013 by David Cameron while he was president of the G8. Its purpose was to invest in business that put social impact before profit.

Surprisingly to many, it has been profitable throughout its life—and by investing in businesses that do good as well as make money. In particular, it has invested in creating jobs in areas of social deprivation, delivering improved health and education outcomes, and even reducing carbon emissions. The Government, its original investor, saw their capital returned and then some.

And Bridges shows us another feature. I have argued that it is the responsibility of large businesses to contribute to their communities—yet, lo and behold, Bridges invests in SME businesses which seek to find ways to tackle societal challenges while maintaining, and often enhancing, capital returns. So it can be done.

In modern capitalism, we may have seen the limits of government, whether national or global, in constraining the actions of multinational corporations, so we should be realistic about what the OECD, the G20 and even the UN can do to set global standards for corporations to follow. Instead, the baton must be picked up by businesses themselves. They need to be rewarded by their customers. If they are not seen to be acting in the interests of the communities in which they operate, we can only hope that a healthy form of populism will succeed in curtailing their activities where international regulation has failed.

Nations may want to throw up trade barriers, set tariffs on goods, and even take control of companies and whole industries, ostensibly in the name of protecting jobs. If they do that, all they will see is, first, a reduction in productivity, followed inexorably by a reduction in prosperity.

So let us single out, identify and praise those initiatives and enterprises contributing the most to our community and apply all the pressure in our power to ensure that others follow their example. I hope that this debate will lead the way and I beg to move.

12.06 pm

Baroness Dean of Thornton-le-Fylde (Lab): My Lords, I thank the noble Lord, Lord Leigh of Hurley, for the opportunity to have this debate. Business and the economy had little showing during the general election. I hope that this debate will give us an opportunity to address that.

The noble Lord mentioned the 1970s. It was almost a walk down memory lane for me, because the impression I was given was that private is good and public is bad. I do not see life like that, nor do I think that it is like that in business today. The title of the debate refers to business—not to private business. I want to talk about two areas which are very important to the British economy. Both have to make a surplus to succeed, because no one will subsidise them, but not for distribution to shareholders or individual management.

The first area is social housing, a sector which is receiving a lot of publicity at the moment because of the tragic events at Grenfell Tower. The other area is universities, which are so often local and regional powerhouses of ideas and innovation and provide the entrepreneurs that the noble Lord referred to. I declare my interests as declared in the House of Lords register.

On social housing, Places for People, of whose board I am a member, is a leading place-making company—it is not a housebuilding company; it is concerned with communities. We have 186,000 homes in ownership or management and provide services to some 500,000 people. Yes, we are in the business of providing homes: 1,300 last year, with 16,000 more to come.

However, homes without the accompanying infrastructure of new schools, shops and leisure facilities do not create communities where people want to live. Even then, that is not enough; we need job opportunities, access to learning and training. Housing associations have done that over many years. They are businesses; they contribute to our community. That is why the housing association sector is essential in place-making. I was on the board of a private housing developer. We built houses, we sold them and we moved on. Housing associations do not do that; they have always done much more.

Local authorities today are not able to regenerate communities as they have done in the past. Now, housing associations are often the largest organisation in the area. Last year, Places for People was named Residential Company of the Year and Housebuilder of the Year—both awards won in the face of strong competition from the private sector.

However, it is really in its local community work that the company delivers what brings real value to residents and is at the core of this debate: 700 people were supported into employment last year, with more than 3,000 in education and training, and just under 4,000 young people in 76 local projects. A company work experience programme provides six months' paid work placement for 18 to 24 year-olds. I do not know many small businesses that could afford to do that. Those youngsters are not in employment, education or training—they need help, and they get it.

Enterprise growth programmes in Yorkshire are at the heart of this, creating 80 new businesses with 215 jobs and 29 social enterprises. There are 400 community activities and more than 100 training opportunities, including green space apprenticeships. There is support for the Passmores Academy in Harlow. Redevelopment of the Olympic Park here in London includes 7% of all construction staff having apprenticeships, scholarships and the Futures Fund to support local entrepreneurs, and 80 days a year of time-bank mentoring. There are many other examples.

This is an exceptional contribution to local communities and, by creating and spreading wealth widely, it improves the life chances of many who would otherwise be left to fend for themselves. The work of many housing associations also contributes to the overall good and supports their localities. When the Minister winds up today, could he confirm that the Government agree that housing associations need to be able to work in the wider community and should not be pushed down this funnel of just producing houses and apartments? Will the Government ensure that their policies do not get in the way of this?

The other area that meets the criteria of this debate is the university sector. We have been slow in the UK, in many areas and cities, to realise how much power can be given to the local and regional community, to the benefit of the individuals in it as a whole. Education can and does transform lives and, in turn, communities, and has a national impact. Our universities are key to that.

On the council of Nottingham University, I have seen how much can be achieved when a university puts diversity at the heart of what it does day by day. First, it goes into the local community and works with young people from very disadvantaged backgrounds who never thought university was for them—it was something beyond them. For 20 years, the Young Entrepreneurs Scheme has seen real benefits. The Nottingham Ingenuity Fund again helps and works with young entrepreneurs. It is an equity-based investment fund, which last year alone donated £800,000 to fledgling businesses in the Nottingham and east Midlands area. I am sure the Minister responding to the debate will be pleased about that. The Summer School Society, with 300 members, has a mentoring scheme with the university alumni, who work with young people, and offers a year-long work experience programme.

This is all about putting students first, not when they are at the university but beforehand, going into the community and seeking out bright young people who have potential but do not have the chances or support of many other more fortunate young people. There is involvement in two Nottingham academies. Our students are our representatives in the community and at the centre of everything we do. That pays off for the students and, this year, for the university. We got a gold standard in the recent teaching survey; we are the number one university in the country for graduate job placement when students get their degree, and in a survey just out for the first time of university graduates five years on in their careers, Nottingham students are on average on a higher salary than the group surveyed. These are real, solid contributions.

[BARONESS DEAN OF THORNTON-LE-FYLDE]

Yes, it is not the private sector but it is part of our business community, like it or not. These solid contributions open the pathways to success for so many.

Members of your Lordships' House know about the Parliament day and have been involved in it. Business needs to come to Parliament more than it does and to showcase what it does more.

The success of our university sector is insufficiently recognised. I agree with tuition fees. If we remove them, we will bring back capping in universities. The removal of the cap helped lower-income families. I do not agree with the removal of maintenance grants, and I certainly do not agree with the interest rates at the moment. So many of us are perplexed by the Prime Minister's attitude to international students. They come here because of the quality and standard of our university education. I plead with the Minister to feed back to the Prime Minister that it is essential that she discusses that and removes what is to me a dogma.

12.15 pm

Lord Shipley (LD): My Lords, I thank the noble Lord, Lord Leigh of Hurley, for giving us the opportunity to debate the role of business. I agree with him that this debate is about delivering prosperity for all. Wealth creation matters, and the private sector must lead that wealth creation, but that can be helped by socially responsible business activity. I agree with the sentiments of the noble Baroness, Lady Dean of Thornton-le-Fylde, that building communities, place-making and helping young people are central to a healthy society.

Business should not simply be about maximising profits or maximising shareholder value to the exclusion of other benefits. The CBI's Great Business Debate identified that only just over half of the general public think that business makes a positive contribution to society. Given the taxes businesses pay and the jobs they create, this should not be the public perception. That it is means that we have to work harder to make the role of business better understood and better supported by the public, and by "we" I really mean businesses themselves, though there are policy changes the Government could lead.

We need to ask ourselves why people react so negatively. There are several reasons. Too many businesses have reputations for low pay, zero-hours contracts and instability of employment for their employees, and at the same time there is seen to be excessive pay for a few. In addition, in many larger companies, shareholders are felt to be more important than stakeholders, and since those larger companies account for 40% of all jobs, maximising shareholder value at the expense of other values can impact negatively on spreading wealth, improving life chances and social mobility, and investing for the long term in communities.

There is a distrust of businesses that make big profits at the expense of their employees or of their communities more generally. Business has to put social benefit higher up its list of values and objectives, not least because consumers are now much keener to buy products which are environmentally sustainable and socially responsible.

We should question whether businesses do put the communities where they operate first. In some cases, they do, but I fear that in too many cases they simply do not. Hence, in small towns, the closure of a big employer can have devastating consequences for the economy of that town as a whole. When a company makes a decision to send jobs overseas to achieve what are sometimes comparatively low savings in costs, it can have a significant effect on people who used to have those jobs. That is not to urge protectionism, but it is to urge social responsibility.

The number of private sector businesses has risen from 3.5 million in 2000 to 5.5 million last year. This results in part from a rising population but also from a big rise in self-employment. What can business do to improve its standing? First, onshoring and reshoring jobs should be encouraged by both government and by business itself. Businesses should note that productivity of employee-owned businesses is growing faster than the economy as a whole. It was up 60% in the last year, with 200,000 employees in employee-owned businesses. Such businesses can be a much better way to do business, and I thank the John Lewis Partnership for its briefing for this debate which drew those facts out.

We should be promoting social accounting—employee training, employee well-being, good supply chain policies and social and environmental impacts should all become more important for companies. The lead that companies such as Unilever have been providing is, in my view, a good example. I should like banks and lenders to think more about regional investment for the long term, not in terms of making a quick profit in the short term. I wish larger businesses would pay their bills more quickly to smaller businesses and I hope that all businesses will take active steps to help us reduce youth unemployment. There are 800,000 young people under 25 who are not in employment, education or training, of whom 42% are looking for work. All businesses have a role in helping here: some provide excellent examples of training schemes and apprenticeship schemes and we need more.

As for what the Government can do to improve matters, I suggest that local enterprise partnerships should be asked to promote social enterprise more. The Government should review the Companies Act to make stakeholder interests more equivalent to shareholder interests. I should like the British Business Bank to address regional investment imbalances more than it may be doing. There is evidence to suggest that it is not the lack of funding which is a barrier for new or expanding SMEs; rather it is access to sound information and advice on finance options. The Government need to take another look at business rates. It is clear that some small firms and businesses feel penalised by business rates in their current form, not least in the retail sector, where they face enormous competition from the internet. Perhaps the Government should review start-up allowances for SMEs, to help with living costs for those setting up new businesses in the first few weeks of that new business. I know that the Government plan to move ahead speedily with faster broadband, but they need to make sure that they deliver. I am also not convinced that, for very small companies, digital tax returns five times a year should

be seen as a priority. Perhaps it can be for medium-sized businesses, but for the very small ones, it is an onerous duty.

In the current economic climate business needs stability in which to flourish. Brexit is adding uncertainty; the level of consumer debt may limit business growth; we have rising inflation, and there may be a rise in interest rates. Cost pressures for small businesses are at their highest level for several years, which may restrict wage growth for small firms' employees. I think small businesses are going to need help with Brexit, particularly where they have never exported anywhere other than the EU. The Government's industrial strategy must generate small business growth, not just growth of very large companies. I remind the Minister of the importance of international students. In my view, they are key to enabling SME creation and expansion and they should be taken out of net immigration numbers.

In conclusion, I draw attention to a helpful new index on SME business health produced by the Clydesdale and Yorkshire Banking Group. It says that the business health of SMEs softened in the first quarter of 2017. The Government need to do all they can to reverse that, because SMEs are the engine room of the British economy. Above all, we should urge business always to remember its stakeholders. Simply aiming for profit and shareholder value is not the way to build strong, socially responsible businesses.

12.24 pm

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, I, too, thank my noble friend Lord Leigh of Hurley for introducing this debate on such an important subject in an area he knows well and to which he has devoted much of his working life. In more than 30 years in business, the first five within a large American bank and the last five as a partner in a small financial services firm, I have witnessed some of the best and probably the worst business practices of our time.

There is no doubt that the 1980s were a time of excess, when perhaps the greatest contribution the City made to society was to the nation's balance of payments and to its tax coffers. But we have moved on from those days, and in spite of all the banker bashing following the financial crisis of 2008—itself caused in large measure by excessive leverage in the world's major economies—there is much we can be proud of in the increasing importance given to corporate and social responsibility by companies of all sizes.

As an advisor to the board of London Pensions Fund Authority, I witnessed at first hand its adherence to the principles of responsible investment, formerly known as ESG—environmental, social and governance. Although returns on investing in infrastructure or housing might in themselves be attractive, equal weight is given to the public good of providing employment, easing the journey to work and addressing local housing needs.

Large numbers of businesses provide charities and communities with vital support, through the provision of expertise and advice as well as cash donations. As the chairman of a very small social action project—a community centre known as the Pump House Project

—I am eternally grateful for this support. The recent arrival of 13 reconditioned computers by First Line IT at knockdown prices, which were in turn paid for by Sovereign Homes, has enabled us to establish an invaluable digihub to serve the entire community.

Businesses have always engaged in philanthropy. As early as the 15th century, when the guilds of medieval Europe were established, codes of conduct were drawn up that frequently included some form of direct responsibility for the poor. A shining example today is the Garfield Weston Foundation. Supported by its UK business interests, it will quietly give away its billion-pound to UK charities some time later this year.

In addition to the donation of time and money, businesses are increasingly going further, placing a commitment to corporate and social responsibility at the heart of their day-to-day practices and operations. In the City, UBS set up and sponsored the Bridge Academy in Hackney 10 years ago, and retains an active involvement on the board, in its funding and in securing job opportunities for its pupils. On a much smaller scale, at Disruptive Capital, we endeavoured to fill entry positions through the City of London's outreach and apprenticeship programmes. Your Lordships will all know of the Timpson family's brilliant work recruiting ex-offenders as well as in training hundreds of apprentices every year, but probably will not know that the very small shirtmaker Emma Willis supports a community sewing project in Stroud which helps bring together diverse members of a very poorly integrated, disadvantaged immigrant community by developing a common skill. Since she started this, and started donating bespoke shirts for injured soldiers who have suffered amputations, her business has become increasingly profitable.

The growing tech sector is particularly committed to the concept of sustainable business—witness Nominet Trust, the country's leading social tech funder. Founded in 2008 by Nominet, which manages more than 10.7 million domain names that end in “.uk”, it has donated £39 million to date. In all these ways and others, business is showing that it can be a tool for good and is playing a critical, albeit not always recognised, role improving lives and creating prosperity. As Maimonides wrote a thousand years ago, the highest form of charity is to create a job.

A recent report by the Centre for Social Justice endorses all these views. Its research concludes that the efforts businesses are making to embrace their social responsibilities are not only benefiting charities and communities—although this clearly could be reward enough—but are benefiting the businesses themselves. The CSJ's report finds that when companies take their social and environmental responsibilities seriously, their brand value and reputation are enhanced, levels of employee engagement and productivity increase, and rates of employee retention improve. For all these reasons, and others, far from compromising financial returns, social impact invariably provides exciting opportunities for financial reward.

New SMEs in particular, employing as they do a large proportion of the working population, seem to be making an increasing contribution on various fronts, from recruiting a diverse workforce to engaging with

[BARONESS BLOOMFIELD OF HINTON WALDRIST]
 their local communities. Some, like buddi, a tech company developing and manufacturing wearable medical technology, have a product that itself embodies a spirit of corporate and social responsibility, proving that intelligent start-ups can be profitable while also having a positive societal benefit. Organisations such as Business in the Community spread this message effectively. Other large companies, including banks, have social impact funds which put these principles into practice.

So there is both a moral and an economic case for businesses to take their social and environmental responsibilities seriously. Many already do, but I hope that those which do not will take the lessons I have outlined to heart. It is possible for business to be successful and to solve social and environmental challenges. As Jonathan Sacks—the noble Lord, Lord Sacks—wrote in *The Dignity of Difference*:

“From trade, both sides gain. When we value difference the way the market values difference, we create a non-zero-sum scenario of human interaction. We turn the narrative of tragedy ... into a script of hope”.

12.30 pm

Baroness Neville-Rolfe (Con): My Lords, I congratulate my noble friend Lord Leigh of Hurley on securing the first government day debate of this “Long Parliament”—at least, I hope it will be a long one, given the scale and the importance of the Brexit challenge. I pay tribute to my noble friend’s contribution to business and to his excellent speech, with such compelling examples of positive modern capitalism. We started in this House together, and there have been many advantages in sitting on these Red Benches. Debates and parliamentary scrutiny are laced with knowledge and experience, and Members of this House on all sides bring genuine insights. They are not always listened to in a world of trivia, partisanship and short-term horizons. Our committees produce distinguished and perceptive reports, as is often commented on, but, as my noble friend Lord Sherbourne of Didsbury said on 27 June, we need a better system for holding Ministers to account on whether and how they have taken account of such reports.

It is fair to say that I have had one big disappointment in discussion in your Lordships’ House. I fear that it is the lack of appreciation and understanding of the importance of business—although not today—not just economically but in several other ways. I want that remedied, because of the wealth that business provides, the taxes that it pays, the many millions of jobs for which it is responsible and—this is important for today—the social cement created by businesses up and down the country.

I say that having worked in several companies large and small in retail, in food manufacturing, in broadcasting and digital, and in services. I know from experience that businesses that are well connected to their communities are successful and improve the economies and societies in which they operate, through leadership, management, jobs and training and the creation of value for the customer or consumer.

A simple example would be the regeneration schemes that we pioneered in Tesco around some of our stores in some of the poorest city areas. We gave jobs to the

long-term unemployed, we improved diet because more fresh fruit was eaten, and we made people in the company proud to make a social contribution. This is a good example of community actors, to pick up one of the terms used by my noble friend Lord Leigh.

I would say that small business—I worked in small business and came from a farming background—is the salt of the earth, and plays a huge part in creating wealth. Less well-known is the fact that, according to the Federation of Small Businesses, small businesses provide more employment for those who are disabled than medium-sized or large businesses: 11.4% of those who work in businesses with fewer than 50 employees are disabled, compared to 10% for medium-sized businesses and 10.3% for large businesses. The FSB also supports the Conservative manifesto proposal for a national insurance holiday to encourage employment of those with mental health problems and disabilities, as well as veterans and ex-offenders.

I am especially delighted that my noble friend Lord Younger has now taken on responsibilities at the business department, as well as for education and skills, because bringing those together is so important to today’s debate. It is also great to see my noble friend Lady Sugg on the Front Bench. On the needs of small business, where are we on implementing the various legislative provisions on late payment and when will the Small Business Commissioner start work? I ask that because late payment cheats the creditor and erodes the social cement that we see in strong societies.

Since services represent 80% of our economy, it would be wrong not to pay tribute to our financial, professional and business service industries, all of which I had the pleasure of dealing with as a Minister. I was always amazed at their support for talent and training. Moreover, the financial and professional services sector alone contributes £71 billion a year in tax, with the City Corporation being a historic example of corporate philanthropy and pioneering apprenticeships. The City and guilds together have contributed huge sums over generations to help the disadvantaged and dispossessed, and also to support music and art. My noble friend Lady Bloomfield gave us the example of Nominet. I loved her comment that the highest form of charity is to create a job.

In preparation for this debate, I asked various businesspeople what they thought would make the most difference to business prosperity over the next five years, and three themes emerged. The first was visibility and stability. It is difficult to make plans and to invest, given the regulatory and other uncertainties arising from Brexit. Even worse, they said to me, is the political uncertainty: the risk that an extreme Government—a bigger risk perhaps now than they thought only a few weeks ago—might throw prudence to the winds, trash the economy, intervene before dinner, tea and breakfast, and destroy the tax incentives that have helped to fuel UK growth and employment. The consequences of that could be worse than in the seventies, which my noble friend Lord Leigh mentioned and which is etched on my memory as a young person entering the workforce—dustbins piling up, the three-day week, and so on. One businessperson even said that a Brexit settlement with safeguards—for example, limits

on state aid—could help to limit the damage of that political scenario. On our side of the House, we are determined to avoid a nightmare scenario.

The second theme was that businesspeople want us to create a better business environment in the UK; they want us, the politicians, to do that, so that we can attract investment—meaning world-leading investment in infrastructure, especially transport, in housing, as mentioned by the noble Baroness, Lady Dean, and in skills and digital. We need lower costs for doing business, not a constant process of accretion of cost and regulation. I was not in the same place as the noble Lord, Lord Shipley, but we did agree on some points; we agreed on late payment, and I also very much agree with him about the importance of reviewing business rates, which the Government have undertaken to do. It is also important to find a way of keeping women in the workforce, with flexible working to suit those with family pressures, provided that that does not create disincentives to their employment in the first place.

Thirdly, we need to articulate the opportunities for the future—for example, new trade agreements. If we could set out a clear plan over the next two to five years for Brexit and global trade, it could be tested, debated and invested behind. Business needs the same sense of vision and options for the new post-Brexit world. Perhaps the Minister could kindly update us on the Government's intentions.

Finally, tone and attitude are important. Businesses feel unappreciated by us politicians, and the butt of savage challenge and blame if things go wrong. Working collaboratively on opportunities where business is bringing its strength and expertise to build the future would be an enormous help.

12.38 pm

Baroness Lane-Fox of Soho (CB): I thank the noble Lord, Lord Leigh, for initiating this debate. I think that he would have liked to join me on a trip that I made to Newcastle in 2010. I was working as the digital inclusion champion for the UK, and I was spending a lot of time investigating places where young people particularly were learning new digital skills. This young man that I met on a very wet and rainy morning in Newcastle has stayed with me and sometimes sits on my shoulder when I feel as though I am becoming like white noise on this particular subject. He had been homeless, had had a terrible drug addiction and had ended up in a shelter, which encouraged him to go to a drop-in location to learn some new skills—not necessarily digital. He had learned to code but, more than that, he had learned how to make music online and had started a small business selling his music. He was confident that, with the amount of money he was now beginning to make, he would be able to move out of the accommodation he was in and rent somewhere nicer. A small story, perhaps, but to me a profound one. Some people, 10, 15 or 20 years ago, would not have believed that through the power of a click of a mouse you could give yourself so many more opportunities in life.

Perhaps this story touches me because I feel as though I have also had these incredibly lucky experiences. My life was somewhat unexpectedly transformed by

technology when Brent and I started lastminute.com, nearly 20 years ago. To me, it felt then as though the great promise of this new technology would be its democratising and equalising power. To a degree, that has been true, but I would like to challenge both the Government and the sector that we have only just begun the job and we need to make sure that we finish it, in order for everyone in our country to enjoy the benefits of this amazing technology and the benefits that it can bring to individuals in enabling entrepreneurship and building business.

Many things are going incredibly successfully. Noble Lords might have seen the Tech Nation report from earlier this year giving details on both tech investment and new businesses in our country. This debate will apparently last around three hours, during which, if noble Lords stick to time, three new technology businesses will have been started in London alone. We now employ 1.5 million people in the technology sector and, last year, £7 billion of inward investment came into the sector, which seems extraordinary to me. When Brent and I were looking for funding for our first business, we had only one venture capitalist who would even consider investing in an online travel company. So there are many things that are going very well. Tech Nation estimates that there is a £56 billion opportunity if we can continue to create businesses at the rate that we have successfully achieved over the past two years. I make special mention of my co-founder Brent Hoberman, who has done a huge amount to increase the reach of the sector through his Founders Factory network. It has encouraged corporates to invest in start-ups and is truly matching the larger businesses with the new innovations and helping them to grow.

But we are a dislocated and divided country. There is no way that you could argue that these opportunities are available to all. If we look just at small and medium-sized businesses, and particularly at sole traders, of whom there are so many millions in the UK, 40% of those businesses have no digital skills at all—none—and a further 20% have only the most basic of skills. Some 78% of sole traders have no digital skills at all. I refuse to believe that this is not in direct correlation to our export numbers and productivity. We know that digital skilled workers are two times more productive than those without those skills—it is the difference between £103,000 of lifetime value and £50,000. This is a profoundly important situation for the UK—skills are endlessly talked about but not, I would argue, in the detail that we need. We must enable small and medium-sized businesses and sole traders to become the digital entrepreneurs of the future. I do not believe that all businesses need to be digital, but I certainly believe that, to have a successful business, you need to understand it.

I pose two challenges, first to my own sector and secondly to the Government. I was so happy to hear the noble Lord, Lord Leigh, mention Marks & Spencer. I served on the board and was part of those Plan A discussions, and was absolutely privileged to be part of the Plan A board—the subsidiary of the board that reported back. Those decisions did not feel complicated or difficult; it felt like good business, as the noble Lord said. The technology sector needs to take some lessons from Plan A and its forward thinking. I disagree, I am

[BARONESS LANE-FOX OF SOHO]

afraid, with the noble Baroness who cited the interesting ways in which the technology sector is becoming more diverse and encouraging more non-traditional business and charities to grow. I think that the sector needs to grow outwards much more, make bigger links into communities and do more to help on the issues that we face.

I argue that we need to have a digital sector that does not just demand things for itself but helps to make the whole country grow. Ask not what technology can do for you but what technology can do for your country, perhaps. I was somewhat dispirited after Brexit to see the tech sector come out with a list of lobbying claims for the Government—things that it demanded and needed—as opposed to thinking how this ultimate connectivity could help us as a country connect again and give more people opportunities in the sector that is the most rapidly growing part of our economy. Therefore, I believe that we must encourage the digital sector to do more to help small and medium-sized businesses grow their digital skills and help sole traders and more people such as the young man I encountered in Newcastle get the skills they need to move themselves up and obtain work which is profoundly important for them.

People love technology but are wary of it. We need to work hard to make sure that more people have access to the same opportunities that everybody in the sector enjoys, but we also need government to play its part. I am delighted to hear the Government's rhetoric about ensuring that the UK is the best place to start a digital business. But how about making sure that it is the best place to have a business, and that every business has digital skills and is able to flourish in the modern age; or even better, making sure that it is the best place to start an ethical digital business? I believe that we can go further and with more detailed plans. I would be interested to hear from the Minister about specific plans for digital skills for small and medium-sized businesses, and whether there is an opportunity to create more of a cajoling role for government in encouraging existing technology companies to do more in their communities, perhaps through the digital charter.

We must encourage as many citizens as possible to become successful entrepreneurs. I am not a technology reductionist; I have just had the most incredible experience in my own life in relation to how technology can level the playing field. Literally sitting at a computer wherever you are, you can have an idea and export it around the world. These may be outlying examples, but we need them. We face so many crises in this country on so many levels, from climate change to the mass movement of peoples and how we are going to make the country feel connected again after the fractures of the last year. The internet does not have all the answers, but it certainly has some. Therefore, I encourage us to enable more of our citizens to enjoy these opportunities, not just people like me who are born with all the advantages.

12.47 pm

Baroness McGregor-Smith (Con): My Lords, I am delighted to take part in today's debate and thank my noble friend Lord Leigh of Hurley for initiating it. I really do believe that business plays a part in creating

and spreading wealth and improving life chances. It certainly did that for me. I want to share some of my experiences of living in Britain since I was a child and explain what more business needs to do to improve life chances for everyone.

I came to the UK when I was two from Allahabad in northern India. My parents always believed that coming here would create a better future for me, and subsequently for my sisters. It has certainly done that, but it was not easy. It was not easy growing up as a child in Bayswater and White City, thinking that one day I could be successful. I recall it being a pretty hostile environment for many people like me. However, today, I want to talk about what made things different for me as I grew up—namely, when I began to work in the services sector.

Today, the services sector accounts for 75% of businesses in the UK, 79% of employment and 72% of turnover. I recall my parents always saying to me that what would open the doors for me, given my race and gender, was a qualification. Therefore, I chose to train at BDO as a chartered accountant, when I got in. What surprised me was how work gave me such a great focus and a huge amount of confidence and made me begin to believe in myself. Around two years after qualifying, I joined the outsourcing industry, which was very fast growing and exciting and accepted talent from people of every background. This industry has a mixed reputation in the UK and has faced many challenges, but we should not underestimate what it has done for so many people.

When I joined Mitie, which stands for “management incentive through investment equity”, in 2002, I was struck by its share ownership model, which gives people the opportunity to invest in their own business. It was the only public company that did this and is still the only public company that is allowed to do it. Every public company should look seriously at how it can spread share ownership for individuals. This was not for the elite; it was for painters, roofers, landscapers and cleaners. All of them got an opportunity to invest in share ownership in some way, shape or form. That is really significant, because it is important to make our young people today realise that they can be part of a business's success.

Today we have all heard about the John Lewis model, and I absolutely applaud what it has done. As we know, it is the largest employee-only business in the UK and I would like to see many more of them. I am very struck by the words of its founder, John Spedan Lewis, who believed that partners who share knowledge, power and profit have better businesses. Employee engagement, productivity, brand reputation and retention of staff all improve under this model.

Having a passion for what you do all day is incredibly important, whichever business you work in, but I believe that all of us—especially those known as the privileged few—must give others the opportunities that we were once given. All businesses need a very strong social purpose and to give back to the communities in which they operate. That means not just giving money to charities but encouraging all their employees to do something. When I was a chief executive, I always took the view that that could be anything.

Examples were raising money for charity, skills training, going into schools to talk about when you first got into work, mentoring apprenticeships, supporting those from disadvantaged communities and helping on environmental projects. The list goes on and on, and every company in the country should encourage its employees to do something.

When I first became a chief executive, I agreed to become a trustee of Business in the Community. All its members tackle a wide range of issues that are essential for building a fairer society and a more stable future, and I applaud BITC's passion and approach. It believes, as I do, that responsible business is the best form of business. I recall leading a "Seeing is Believing" visit for Business in the Community. We took business leaders on a number of visits, including to an apprenticeship programme that my company was running, where we targeted very disadvantaged people and helped them into work. The confidence, excitement and loyalty of these young people was extraordinary and incredibly powerful to see. I urge everyone to go on visits that will show them the power of business when it does good things.

I also applaud the introduction this year of the social mobility employer index, which ranks businesses on how open they are to accessing talent from all backgrounds and supporting all individuals within communities. We now have to learn to take the structural bias out of business so that it can be seen as a real force for good. A lot more needs to be done, and I implore the Government to think about some of these things as they develop their industrial strategy.

All companies should build a social purpose alongside their business plans. There is no point in saying that you are a company that will make money. A lot more focus should be placed on how to support start-ups. There are many extraordinary examples of start-ups in the UK, and the Government should put a lot more effort into making sure that they are successful. All investors in businesses with listed stock should now insist that the stocks they invest in have a strong moral and social purpose. No fund manager in 14 years ever asked me about social responsibility. Banks need to increase and prioritise lending to organisations that have a strong social agenda.

Once and for all, the Government need to use their purchasing power to buy their goods and services from companies that have a strong social purpose. Let us not say that we cannot do it because of the bureaucracy—we can do it. Government money should also be given to supporting start-ups and new employee ownership models. It is now too difficult to set up an employee ownership business, as the tax rules and the bureaucracy are getting tougher. It needs to be the easiest thing that we can do.

With regard to education, we need to start speaking differently at business schools. They need to explain why the business models of the future will be those with a strong social purpose. Not all business schools do that today, but they need to. Our young people need to be encouraged to set up businesses of that nature.

Of course I am going to mention diversity. Where is it? I am talking about diversity in thinking and in debate. Every business should be thinking about that.

If we are serious about increasing the life chances of all individuals, diversity has to be taken seriously. The top of business does not look diverse in race, gender or disability, and that must change. It is not enough any more to have aspirational targets; we need seriously to think differently about it.

The challenges of the 21st century are too big for government or the social sector to handle alone. I think we all agree that income inequality is now at a level that has not been seen before, and we have a young generation who expect more from everybody. My children are aged 18 and 20, and they do not remember a day when the UK did not talk about austerity—they were too young. We now know that that needs to change. They also do not think that business has done a particularly great job over the past decade. We have to think about the fact that they need the opportunities we were afforded.

The Brexit conversations have not helped. Business and government need to join up to make sure that Brexit is a success. There can be no more arguments. Where is the Brexit advisory committee that will sit alongside government? All big businesses should be implored to work with the Government and show them the good things that we can do. Instead, we all argue about what we cannot do. It is time to get in a room and agree what we can do. I am very interested to hear what the Minister has to say about the ability to have a business Brexit committee for the UK, to support all employees from all backgrounds and what they need for the future.

I am positive about business in the UK—it is hugely exciting. Last year, it was said we had 5.5 million businesses in the UK. Over 99% of these are SMEs, and they are extraordinary businesses. However, it is no longer enough to be a country that regulates. We have to be a country that has passion for and belief in business success and growth. That is what helps create extraordinary futures for our young people. It did it for me, it can do it for everybody.

12.56 pm

Lord Fraser of Corriearth (Con): My Lords, I thank my noble friend Lord Leigh of Hurley for the opportunity to discuss his carefully worded Motion. I feel that recent political events—in particular the wit and wisdom of the sage of Glastonbury, otherwise known as Jeremy Corbyn—have rather blindsided people like me, who not only believe in capitalism and democracy but who thought that the wars of the 20th century between open society and command economies had long since been won by the former, and the arguments put to bed. Any child of the 1960s will have vivid memories of the narrow escape we had from, on the one hand, rampant populism and, on the other hand, communism. It is therefore with a considerable feeling of surprise that I find myself having to propagate the advantages of a system whose benefits I had thought were self-evident.

I am taking the terms of reference of the debate as alluding to the private sector. The primary issue that arises in defending the private sector is the question of profit. Private or non-state companies were originally set up to make profits. To some extent, the goods produced for public consumption were seen as incidental

[LORD FRASER OF CORRIEGARTH]

to the overriding need to make a profit. State organisations, on the other hand, were set up to provide a specific benefit: for example, the National Health Service, the legal system and a free education. It was then up to government, local or national, to provide the money to pay for this good. Normally, one would not go back to first principles in describing all this, but recent events make it worthwhile reminding oneself of the basis of the distinction.

So we need money to pay for the National Health Service, education, the legal structure, the Armed Forces and, increasingly, the benefit system. Where does this money come from? Taxation. Of course employees of the state also pay tax, but the main funding of tax comes, directly and indirectly, from business. Business, therefore, is the sector that makes the cake, the division of which is the source of so much argument and friction. Without profits and dividends there would eventually be no cake.

By virtue of its requirement to make profits, business is the best method of allocating resources. Many mistakes are made in this allocation process, but it is difficult to see where innovation is going to arise if not through business investment. There are exceptions—military invention is one—but the uses to which business innovation is put tend to be benign, while internet hacking, malware and interference with computer programmes bear all the hallmarks of state or military activity.

Closely allied with investment is research and development. Without money or profits, it is not feasible to engage in R&D. The vast majority of this activity occurs in private business and is geared to the convenience of, or better services for, consumers. In terms of benefits to mankind, new drugs and biotechnology—in short, medical innovation—contribute the most.

Business also provides an important social function. People like to get out of the house, to mingle, sometimes to go abroad, and certainly to meet others of widely differing social and intellectual interests. That is what Dr Johnson was referring to when he said:

“A man is seldom more innocently employed than when he is making money”.

The social benefits of the existence of a business culture are legion.

Commerce, when properly regulated, brings enormous benefits to particular geographical areas. The advent of Nokia, for example, transformed Finland. Where would Australia be but for the exploitation of its mineral assets? This may be compared to Bangladesh, whose minerals, particularly oil assets, are regarded as national treasures and never to be touched. On a more humdrum level, commercial activity—be it merely the village pub—fulfils an important social function.

The next benefit I wish to mention is the spreading of wealth. Between 1939 and 1979, tax rates were confiscatory. This suited both the far left, for obvious reasons, and the far right because it became impossible by legal means to improve your social status, thus certain people who owned land or good property or yachts were in an unassailable position. The lowering of tax rates by the Thatcher Government of the 1980s spread wealth both by freeing so-called animal spirits, allowing people to take risks with a reasonable chance

of reward, and by allowing business to invest with a decent chance of success. The result was not only a huge rise in prosperity but a major spreading of wealth, at the top—as catalogued by the *Sunday Times* rich list—but, much more importantly, all the way down the financial scale, allowing, for example, the purchase of labour-saving devices, TVs, cars, holidays and so on.

As I said at the beginning, I thought that all the foregoing was effectively self-evident, but it seems timely to ram home the arguments for a free capitalist society, dependent on business activity as opposed either to the North Korean dictatorship model, the Cuban command economy model or even the Venezuelan chaos and shambles model so favoured by the Leader of the Opposition.

I hope the House will forgive me for restating what many would regard as obvious but it seems that in this country there is an internal threat to our way of life and that we need to restate—at least for the benefit of those under 30 years of age—the advantages of the system that we hold dear.

1.02 pm

Baroness Couttie (Con): My Lords, I too add my thanks to my noble friend Lord Leigh of Hurley for bringing this debate to the Chamber today and for his speech, with which I heartily agree.

Several speakers today have rightly recognised the value that small businesses bring to the UK, both in terms of supporting the economy and supporting the communities through the jobs that they create. I saw this at first hand during my time as leader of Westminster City Council. Westminster is the most important economic area in the UK, producing nearly £56 billion of GVA each year, substantially more than the City of London. It is also a larger economy than nine European countries and yet over 80% of the businesses in Westminster employ fewer than 10 people. Therefore, during my time as leader, I made getting to know the businesses located on my patch an important part of my work. I became well aware of the multiple difficulties that particularly face small businesses.

There is no doubt that, for a variety of reasons, small businesses face challenges that cease to be issues for larger businesses. It is hard for them to win and bid for contracts with large organisations, be that from government or other businesses, and they frequently suffer from procuring bodies playing it safe and working with other large organisations. When small businesses are successful in winning a large contract with a substantial firm, the excitement and joy in the achievement is sometimes eclipsed over time as small firms all too often find themselves on the end of poor payment practices that can force them to the brink of, or even into, bankruptcy.

Small firms can find themselves in a vulnerable position when they have one large client dominating a substantial percentage of their cash flow and for whom they have had to make a significant investment. This can be abused by unscrupulous firms through either late payment of invoices or even refusing to pay the full amount owed despite no suggestion that the goods or services were not of the required standard. A minority of organisations are aware of the difficulties that smaller firms have in seeking legal redress in these

circumstances in terms of time, legal costs and the cash flow implications of waiting for the legal process to complete. They use this leverage to persuade smaller firms to agree to settle these kinds of disputes, so paying less than the original contractually agreed amount.

Smaller businesses, because of their limited resources, are not in a strong position to deal with disputes as effectively as many would like to. Disputes are time-consuming and cost a business far more than the amount under dispute. Typically, for every £1 under dispute, a business incurs a wider cost of 94p. These figures represent a significant amount of inefficiently allocated resource that could otherwise be utilised by small businesses to invest, grow and boost business competitiveness.

Research by the Federation of Small Businesses shows that 70% of small businesses have experienced at least one commercial dispute over the period 2010-2015, 72% of which related to payment issues. This equates to 2.4 million small businesses suffering in this way. That 72% is made up of 42% of firms experiencing late payment and 30% experiencing non-payment such as that I have just described. The cost to smaller businesses of this type of dispute is estimated by the Federation of Small Businesses to be around £11.6 billion each year. This is a substantial figure by anyone's judgment. There are, of course, wider costs, with the FSB suggesting that, based on European Commission research, poor payment practice leads to 50,000 business deaths a year—a figure I found so substantial and surprising that I got the FSB to double check it.

I was therefore delighted when I heard in the Queen's Speech that legislation would be brought forward to modernise the court system through the courts Bill, which would introduce digital services to allow businesses to pursue their cases quickly, enabling them to recover debts more easily. I hope that this is a reference to the online court and that when drafted the Bill will have an eye to the kinds of disputes that smaller businesses experience and enable them to take full advantage of the new system.

If different procedures are required for disputes deemed to be of differing complexity, complexity should not be judged simply by the size of the dispute, as it is now, when deciding whether a claim is suitable for the small claims court. It is, after all, quite possible to have a dispute over a large sum where the arguments in the case are simple.

A number of other elements would need to be in place in order to give confidence to smaller businesses to use an online court system for dealing with payment or other contractual problems. Any fees need to be affordable and simple. I would like to see a single fee at the start of the process rather than differing fees for different aspects of the process, as currently exists in the civil courts system.

Judgments need to be fully integrated into an enforcement regime that gives a strict timetable for payment, with real teeth to ensure compliance. I would also like to see judges empowered to impose substantial fines on firms which have behaved vexatiously and sought to exploit their dominant position to, for example, force businesses to accept a lower payment than contractually agreed or to impose longer payment

terms on them. This will place all businesses, big or small, under the same financial imperative to avoid these types of dispute.

Alongside these changes needs to be a comprehensive information campaign so that businesses fully understand the courses open to them should they be unfortunate enough to find themselves in a dispute. At the moment smaller businesses are not fully cognisant of their options and those which have had some experience of the current procedures are sometimes unimpressed, particularly in relation to ADR where experiences differ widely across the country.

All of us in this Chamber recognise that small businesses are the backbone of our economy and we quite rightly wish to do all we can to ensure the best possible operating environment for them to help them thrive. Modernising the courts system as proposed will be important for everyone who uses the court system but it is smaller businesses that could benefit most from the proposals if they are developed correctly,

1.08 pm

Baroness Greengross (CB): My Lords, when I first came into this House I was asked by the then chief executive of Business in the Community to try to encourage Members of Parliament to engage more locally with businesses that were actively benefiting society both in the constituencies where they worked and more widely. I declare an interest because I still co-chair the All-Party Group on Corporate Responsibility. We know that in this country there are many responsible and dedicated businesses that flourish in constituencies across the country. In 2015 we decided we would like to introduce the responsible business champions scheme, supported now by National Grid, because we wanted to build better recognition, inside and outside Parliament, of the immense force for good in our communities that so many UK companies present. In particular we wanted to encourage Members of Parliament to look closely at the overall impact local companies are having in each constituency.

Each year we invite Members of Parliament to nominate a local company of their choice as their responsible business champion. This accolade goes to them because of the outstanding contribution they make to their constituency. We have a parliamentary judging panel, which chooses a single national responsible business champion from among the companies that MPs nominate. A representative of every company nominated by an MP attends an annual reception we hold for them. We were lucky to have the Speaker for the first year of this scheme, which has gone from strength to strength since 2015, with the number of nominations from MPs doubling every year. I hope this will continue until most MPs select a constituency champion.

Our first two national champions—London City Airport and a small company, Alun Griffiths (Contractors) Ltd—could hardly be more different, but they share an important commitment to their workforce and local communities. London City Airport was nominated by Stephen Timms MP, a former Corporate Responsibility Minister. It was an exemplar of corporate responsibility and he cited its investment in the local community, its commitment to providing pathways into work for

[BARONESS GREENGROSS]

unemployed residents, its work with schools and universities, and its work with West Ham United Football Club to promote healthy lifestyles.

David Davies MP nominated Alun Griffiths (Contractors) Ltd, telling us that “fairness, inclusion and respect” were central to its business approach. This was borne out by the facts we were given about its working practices, relationships with suppliers and the strong support it gave to its local community. It stood out because of the support for equality and diversity it has demonstrated, particularly its support for older workers, which we especially wanted to encourage and celebrate last year.

Scores of companies have been nominated by their MPs since the award was introduced. There is not time to tell noble Lords about more than a handful, but a few might interest you. We heard about the fantastic work being done on inclusion by Marks & Spencer in Basingstoke from Maria Miller MP, and on apprentices and training by Manchester Airports Group from Mike Kane MP. Last year the judges were very pleased that two very small companies deserved to be included on our award shortlist. We admired the way that Kelvin Hair, nominated by Patrick Grady MP, and West & Coe Funeral Directors Ltd, nominated by Jon Cruddas MP, support their local communities so strongly. West & Coe—Dagenham’s oldest business—provides not just a counselling and befriending service, but generous support for local sporting activities, the Queen’s theatre in Hornchurch and the local hospice. Patrick Grady praised Kelvin Hair’s “excellent contribution” to the local community, its commitment to fair working practices and the support it gives to training and other local SMEs.

In 2016 the judges commended highly Port of Blyth, nominated for a second year by Ronnie Campbell MP, which plays a fundamental role in the local community. Anglian Water—nominated by my co-chair on the All-Party Group, Jonathan Djanogly—is known to us all as a leader in the fields of workplace health and well-being, and for the sustainable business practice it offers. Xiros Ltd, nominated by Greg Mulholland MP, is another outstanding company. Anglian Water has now emerged as BITC’s company of the year. The judges also commended the deep social investment in the local community made by Canary Wharf Group. Jim Fitzpatrick MP was eloquent in drawing our attention to the efforts it has made to ensure that its developments open the widest possible economic opportunity to people living in the surrounding areas, and its transformative work extending education and employment opportunities in its local area.

Canary Wharf Group was unlucky not to win our national award last year and the same could be said for Zurich Insurance, nominated by the Swindon MPs, Robert Buckland and Justin Tomlinson. This is clearly an excellent company as well. Not only is it very supportive of its local community, but the judges were impressed by its commitment to promoting a healthy workplace and encouraging diversity and equality.

This year our responsible business champions scheme was disrupted by the general election, but we have since relaunched it, writing to all the newly elected MPs encouraging them to nominate a constituency

responsible business champion. This year we have tweaked the criteria for our national award to favour those companies that are doing their bit to help the UK reach the Government’s target of halving the disability employment gap. I am confident that we will once again receive inspiring nominations telling us about the fantastic work on inclusion that companies across the country are doing. I look forward to celebrating that with them at our responsible business champions reception in November.

1.16 pm

Lord Popat (Con): My Lords, I too thank my noble friend Lord Leigh for initiating this important and timely debate. Since the financial crisis, businesses have operated under a cloud of scepticism. As the search for someone to blame has grown, profit has become a dirty word, risk has become something to be avoided and the private sector has retreated into its shell.

As my noble friend Lord Leigh rightly pointed out, businesses are an unrivalled force for good. They create millions of jobs; they generate billions in tax revenues that pay for welfare and the NHS; they innovate and produce life-changing products; and they sponsor countless good causes with corporate and community responsibility. Having been an SME myself, I know that Britain’s businesses are the greatest ally we have for the challenges we face.

It is time for our entrepreneurs, innovators and executives to pick themselves up off the mat and start fighting their corner. We should not be shy about making the case for what businesses have achieved and can achieve in this country, and we should not be ashamed of the values of hard work and aspiration.

We speak of the priorities of businesses far too infrequently in this House. We cover topics such as public services, international development and the economy more broadly on a regular basis, but supporting and understanding businesses is often overlooked. I hope we can begin to correct that, because we will need them, not only post Brexit but if we are going to overcome the economic hurdles that lie ahead of us.

We should be absolutely clear that, since 2010, tremendous strides have been taken to make Britain a more business-friendly country and our economic record is hugely impressive: a higher minimum wage for the low paid; record levels of employment, with more or less full employment; controlled levels of inflation; lower interest rates; lower capital gains tax, with higher revenues received; and, until recently, the highest level of economic growth of any country in the G7.

But we should also be very clear about the challenges that face us. The economic climate we find ourselves in is undoubtedly one of the most challenging scenarios this country has faced in recent history. The origins are long-standing for most of these issues and have been neglected by Labour and Conservative Governments. For nearly 30 years, there has been too much public sector borrowing. Our debt is terrifyingly high, and too many politicians lack the will to tackle it.

As my noble friend Lady Neville-Rolfe rightly said, we have had too little investment in infrastructure, housing and research. There has been too much reliance on the City and service industries, and too much

regulation, taxation and compliance. That has not often been understood by politicians. There has not been enough reform of education or enough exporting to high-growth economies. Our balance of payments deficit has been a constant for the past four decades. This year, we will end up with a trade deficit of some £50 billion, which shows that we do not export enough to pay for imports.

We have a major productivity problem. It takes workers in France and Germany four days to produce what we do in five. Either we are not working hard enough, or we are not investing enough in new technologies. In addition, we have a terrible planning system. Quite simply, we continue to fail to create the environment needed for SMEs to grow and succeed.

We have made progress since 2010 on making the lives of those running our small businesses easier, but there is a long way to go. We need to see action, to see a Government who are bold in their support for business, who are willing to take the steps necessary to put Britain at the heart of the global economy again.

There are four main areas where we need to see drastic improvements. First, our aviation capacity is a cruel and long-running joke. We are at least 30 years behind where we should be. Through political dithering, we have reached a stage where our main airports are full, and our USP as a hub destination is being eroded. New airports are being built around the world that start with four runways; we are unable to add a third to one of the world's busiest airports. Post Brexit, if we are to be an outward-looking country that exports to the world, we need to be able to fly to our key markets. Let us crack on and build the third runway at Heathrow and the second at Gatwick; we cannot keep kicking the can down the road.

The second area is communications at home. Our mobile phone reception is poor. High-speed broadband rollout is too slow. Road and rail systems are too slow and too full. The Government are trying, but we need to be bolder, faster and more aggressive.

Thirdly, we need to build better links with emerging markets, in particular Africa. As the Prime Minister's trade envoy to Rwanda and Uganda, the country of my birth, I see the trade envoy programme as a strong addition to our diplomatic arsenal, bridging the gap between the private and public sectors. Africa has six of the highest-growth markets in the world. Uganda is on course to be the fastest-growing economy in the world by 2025. Not long ago, our share of trade with Africa was 30%; now it is less than 4%. In fact, China has become the imperial power in Africa, in the very colony where we were a power some years ago. We need such bridges to enable us to do more trade in Africa, because it is a high-growth market. We do not see many ministerial visits there, except those relating to DfID and aid; Africa is more interested in trade. Barclays Bank, which has been in Africa for 100 years, is soon to sell out because of the way in which legislation has been passed in this Chamber. I bet that the Chinese will acquire that bank. British Airways, which used to fly to many cities in Africa, has more or less stopped flying there, because no slots are available or because it has sold its slots to the Qataris and others for a very good profit.

We need ease of doing business and a different approach to our businesses to make sure that they become successful. Infrastructure and connectivity are vital to business in the 21st century. If we want more small businesses to export, we must give them opportunities to reach emerging markets. Trade envoys and the Department for International Trade can help if we can get a business into a country, but we need help from the Department for Transport, the Foreign and Commonwealth Office and the Treasury to make that happen.

Businesses are an overwhelming force for good, but, for too many, the Government tie one hand behind their back. Our exiting the European Union gives us a fantastic opportunity to right that wrong, and to start to deliver the solutions that businesses need. Now is the time to be bold, which I hope the Government will be.

1.25 pm

Lord Shinkwin (Con): My Lords, I thank my noble friend Lord Leigh of Hurlley for securing this debate. Our welfare state works only because of the wealth generated to pay for it, much of it by business. No wealth generation equals no welfare state. It is as simple as that. Wealth generation sustains the welfare state.

My career in the charity sector gave me the privilege of working with parliamentarians of all parties and none. While it taught me respect for political difference, I cannot respect John McDonnell's muddled Marxist mathematics, which would dig us deeper into debt and jeopardise our welfare state. Yet there is no escaping the apparent attraction for some of this Pied Piper's tune. Who can blame some of the UK's 11 million or so disabled people, understandably impatient with the extent of inclusion 22 years after the Disability Discrimination Act, for wanting to believe John McDonnell's empty and patronising promises of non-existent money?

The impression given that progress can be made without nurturing enterprise and wealth generation needs urgently to be exposed for the delusional, disingenuous and dangerous narrative that it is. Business needs to help make the arguments by working in partnership with government and disabled people on accelerating progress towards inclusion over the next three years. Why three? It is because the Conservatives' Disability Discrimination Act turns 25 in 2020. We need to give disabled people a reason to celebrate that birthday.

How can we make progress? I suggest that there are three principal ways. First, business should upgrade, rather than downgrade, disability. That means not falling for the current fad of believing that by making disability the responsibility of everyone the need for a sharp focus on disability and a nominated senior champion to drive change can be dispensed with. Experience shows that, unless you want disability to be the responsibility of no one, you need to use both approaches to make real progress.

At this point, I want to put on record how deeply touched I have been by the support I have received from across the House for my continued call for the Equality and Human Rights Commission to reverse

[LORD SHINKWIN]

its regressive decision to abolish the role of disability commissioner, for which I successfully applied, and instead to ensure that the disability commissioner continues to chair the commission's disability advisory committee. Public bodies should be accountable to Parliament. Parliament needs to know why, how and when this decision was taken, given that the minutes for March, which are on the internet, clearly show that the role's abolition was not even discussed at the commission's last board meeting before I was appointed on 21 April.

To return to the main point of the debate, another way we can make progress is to honour as soon as possible the welcome manifesto pledge to,

“review disabled people's access and amend regulations if necessary to improve disabled access to licensed premises, parking and housing”.

Too often, some businesses bemoan red tape as if it flowed in only one direction. As the ad hoc Select Committee's excellent report on the Equality Act 2010 and disability showed, that is not the case. As a disabled person, sometimes I feel that I can barely move for red tape. To take a simple example, I have lost count of the number of times I have been prevented from going into a shop because of a step. It would be so easy and inexpensive to rectify in so many cases, yet too many businesses continue to cut off their nose to spite their face by treating me as if my money were disabled. Well, it is not disabled. In fact, what is known as the purple pound is worth £249 billion. To put it in context, that is more than eight times the estimated £30 billion shortfall in John McDonnell's manifesto sums. So it is a lot of money.

My third suggestion is that together we build on existing success such as the John Lewis Partnership. Improving life chances is actually one of the benefits it uses to measure its success. It believes that this strong social purpose is good for business. I agree with my noble friend Lady McGregor-Smith that we need more of this in business.

In conclusion, my noble friend Lord Leigh of Hurley is right: resetting the narrative is crucial. My message to business is that, if you want to defend free enterprise, prosperity and your own business, you need to do more to counter by word and deed John McDonnell's recklessly irresponsible narrative. The next three years provide a wonderful opportunity to build both a tangible, positive narrative and a record of change and inclusion. Let us be ambitious and show that together we have the will and the vision to demonstrate that businesses play a pivotal role in generating wealth and improving both the life chances and the inclusion of disabled people.

1.33 pm

Lord Suri (Con): My Lords, I thank my noble friend Lord Leigh of Hurley for introducing this interesting debate.

In a debate such as this, we cannot lose sight of the overall picture. The economic outlook of the country at the present time is weak. Productivity grows at a far slower pace than in other developed nations, wages remain stagnant and inflation looks set to rise gradually

as we leave the European Union. I say this not to depress the mood but to set the stage for the challenges we need to confront going forward.

Watching the news, I have seen a number of commentators and people from the other place talking about how the state needs to fix these issues. They are not wrong, and I have spoken in this place many times on the need for a better technical education and research budget. But, depressingly often, the role of business is forgotten, and its obligations left by the wayside. Quite simply, if the job of the state is to turn out well-suited workers, it is the job of business to properly invest and help those workers specialise.

One serious issue with the EU was that it allowed employers to effectively dip into a large pool of underpaid and cheap reserve labour. Now that we are leaving, I hope that business leaders will see the sense in investing in workers, to create better jobs and have the productivity required for decent wage rises. I think there are plenty of sensible initiatives that have been put in place by Governments of all hues.

I encourage all businesses to get involved in sponsoring academy schools, as Cadbury and JCB do stellar work in helping to skill up youngsters. But there is real and serious anger at the business community across the country, and it is not difficult to see why. The social contract that underpins the free markets we on this side support is coming loose. We promised that all would see improvements in their lives because business could be trusted to be responsible with its cash, invest back in the workforce, and seek to be sustainable in how it acted. Since then, we have seen lower investment than the European average, lower productivity growth, and the general feeling that businesses are not integrated into the communities they operate within. The way to shake this off is to reach out and show all sections of society that business is making an active effort to change.

As my noble friends Lady McGregor-Smith and Lord Shinkwin said earlier, it is indeed praiseworthy that employee-owned businesses are increasingly important to the UK economy and society. The John Lewis Partnership model is a prime example of this. As a general rule, I prefer initiatives to be led by the group in question rather than by the heavy hand of state intervention. So I am pleased to see more companies reporting their gender pay gaps with less prodding from the state—although I will support action when necessary. It would be positive to see more reporting of ethnic pay gaps, which I think are underreported but no less problematic than gender pay gaps. I am sure that the Minister will have something to say on that. The aim should be to utterly stamp out all inequities in wages as soon as possible, and then lock in legislation to stop any slippage.

Many companies also take positive steps to reach out to underprivileged communities, and take on people to act as role models. This is excellent and to be encouraged at all times, and I am aware that the Civil Service has been a real trailblazer with its Early Diversity Internship Programme.

1.39 pm

Baroness Rock (Con): My Lords, I, too, add my thanks to my noble friend Lord Leigh of Hurley for a very interesting and informative debate. We have heard many esteemed contributions as to how businesses can improve life chances and take responsibility for their own contribution to the communities in which they operate. I will focus on just two areas. The first is education and skills. Just as businesses must make a fair contribution to local infrastructure, so too must they contribute to the skills pipeline they rely on to get the right people to drive their business forward. Here we see a recurring theme. It is not enough for significant local employers to simply pay their corporation tax; they need to become more actively involved in the community.

Through the academy sponsorship programme, many are doing so. Take BAE Systems and the Furness Academy in Cumbria. BAE is the most significant employer in the region. What better way to demonstrate its commitment to the community than by sponsoring the local school—which, before BAE’s intervention and support, was failing? Or Siemens and Lincoln UTC, which specialises in engineering. Of course, Siemens could simply have relied solely on the state to deliver the school leavers it needs. Instead, it took responsibility, showed leadership and ultimately gave something back.

The other area I will focus on is perhaps more complex—that of technology. I applaud the noble Baroness, Lady Lane-Fox, for her profound speech and for her praise of Brent Hoberman and his outstanding Founders Factory. It is a fantastic organisation. I am proud of this Government’s record on fostering innovation through supporting start-ups, encouraging investment from angel investors and venture capital, and helping those businesses grow. The technology that emerges from these businesses has the power to improve life chances and foster prosperity.

Take fintech. By using apps or mobile banking, new providers can reach the financially excluded and the unbanked through advanced approaches to credit scoring and expanded networks that go beyond branches. This benefits the least well-off and helps them transition from being excluded from accessing mainstream products. Or take crowdfunding and the opportunities it continues to bring to small businesses to help them access finance to grow when they may have been turned down by high street lenders. But technology, as well as having the power to spread prosperity, also has the power to be hugely disruptive to communities, as old industries and jobs are swept aside by innovation. Here we must hope that our public policy can keep pace with technological change.

Take artificial intelligence. I find myself hugely honoured and excited to be a member of the ad hoc Select Committee on Artificial Intelligence. It is clear that on the one hand we need to capitalise on the opportunities that AI can bring. The Industrial Strategy Challenge Fund aims to bring together business with research to meet six of the industrial and societal challenges of our time. One of the six is robotics and AI. Accenture has estimated that AI could add in the region of £654 billion to the UK economy by 2035,

and the Government are providing further support with the commissioning of an AI review led by Wendy Hall and Jérôme Pesenti, as well as a funding boost of £17.3 million from the Engineering and Physical Sciences Research Council to support the development of this technology in universities. This is the right approach, but we must use at least some of the economic dividend to ensure that those who become economically displaced by new technology have the chance to retrain so they can continue to contribute.

I have spoken in this House before about how technology has historically created more jobs in new sectors than those that have been lost in old ones. Indeed, a Deloitte report we debated here found that the number of technology managers had increased by a factor of 6.5 in the last 35 years to more than 300,000, and the number of programmers had increased threefold to just under 300,000. But we need so-called “skills activism” to make sure that all continue to benefit and that the life chances of those who work in these new technology-driven industries do not come at the expense of those they might be displacing.

To reiterate what my noble friend Lord Leigh said, business is quite often better placed to spread prosperity than government, through job creation and, in the examples I have mentioned, to foster the innovation and technology that can directly improve life chances. But such businesses must recognise that they do not do this in a vacuum. Just as they must contribute to the public policy that supplies their labour force, so they must also come to realise that it is for them as much as it is for government to support the workers and communities their activities may be displacing. That would truly represent business taking responsibility for improving life chances and fostering strong communities.

1.46 pm

Lord Palmer of Childs Hill (LD): My Lords, I thank the noble Lord, Lord Leigh, for recognising the place that businesses, in particular small and medium-sized enterprises, play in the success of the economy. He was absolutely right to draw attention to this and we all recognise his successful business career, which adds to the lustre of this House. But recognising the contribution made by SMEs is not the same as helping them to maintain their place and to achieve more in order to help both themselves and the country. Our nation’s prospects depend in no small part on the strength of our small businesses. My question for the Minister is this: do the Government really listen to the concerns of small and medium-sized enterprises?

I was pleased to hear the words of the noble Baroness, Lady Neville-Rolfe, who sent a nod of appreciation for what small businesses do and acknowledged the non-appreciation by Governments of all colours, although I am not sure that I need to go as far back in history as the Long Parliament of 1640 to decide on the policies of the present Government. As the noble Baroness pointed out, sometimes it is about embracing the novel idea of asking small businesses what they actually want. I do not think Governments do—I spend my life advising small businesses—and I do not think that we ask the right questions. What small business wants most of all is certainty. Business wants to know what

[LORD PALMER OF CHILDS HILL]
is going to happen next week, next month and next year. At present, with the prospect of Brexit in one form or another, the uncertainty is worrying many small and indeed large businesses.

The noble Lord, Lord Leigh, talked about there not being government spending because business is better at it than the state, something we have just heard about again. But my analysis is that it should be about a combination of the two. Neither one is either good or bad; it is about the combination. Too often both in local and in national government we talk about market forces. Market forces are fine, but they are not the be-all and end-all. In local government, which has been referred to in the debate, we have a situation where outsourcing has become almost the norm, but it does not necessarily deliver benefits for the local community or indeed for the business of a local authority.

The noble Lord, Lord Leigh, mentioned that Goldman Sachs had given a donation to the remain campaign, so obviously it supports staying in the European Union. I have a great deal of respect for Goldman Sachs and what it knows about business. Unhappily, events may show that its advice was right. The noble Lord, Lord Leigh, went on to mention many other things, most of which I agree with. Apprentice schemes are the right way to go, and education has been mentioned by other noble Lords. Really, it should not be just university or just apprentice schemes. There should be the right course for the right people, which business can take advantage of.

My noble friend Lord Shipley spoke about starting up business and about start-up allowances. One of the policies in the Liberal Democrat manifesto, which sadly we are not in a position to implement, was these start-up allowances. When you go to start up a business your main worry—as we heard from the noble Baroness, Lady Lane-Fox—is how you pay the rent that week or keep your house together. One suggestion is that a sum of, say, £100 per week for six months could be available for those who have the temerity or experience to go and start up their new business. When you start up a business, as I did at one stage, there is no money coming in. We need to do something to appeal to those entrepreneurs.

I use the word “entrepreneurs”. The noble Lord, Lord Leigh, mentioned that we have entrepreneurial relief. We also have entrepreneurial visas. During the general election, I was on a panel with small businesses for a successful debate. Someone from the audience who had an American accent said she had come over here on the entrepreneur’s visa. She had—and still has—a successful business but was having extreme difficulty in renewing that entrepreneur’s visa. That needs to be looked at.

The noble Lord, Lord Leigh, spoke about aggressive tax planning. I believe the Government are beginning to look towards those people who set up such schemes as being culpable, as well as those who use them.

We also spoke about community activity and the difficulty for small companies in doing that. It is all very well to talk about community activity, but if you are just on your own or with two or three people—perhaps even up to 50 people—you might want to digress from

your actual business to do community activity but you do not have a department set up for it. We must find ways to bridge that gap.

Plastic bags were used as a great example of success. Indeed that was successful but it is strange that the Government have not looked beyond the large companies. If you go into any smaller supermarket, grocer’s or whatever, they load you with plastic bags. You say, “No, I don’t want them”.

The noble Baroness, Lady Dean, raised another aspect in this debate. When we talk about business, small or large, the building of homes is one such business. It is there, employs people and helps the community in all ways. The ability of housing associations to contribute to that is to be admired. She also talked about education, as did the noble Baroness, Lady Rock. If we are talking about small business, we need an educated workforce that knows how to do business in any way. We have not managed that. My noble friend Lord Shipley spoke about social benefits being higher up the agenda. The Government need to promote that.

My noble friend also spoke on a matter I raised in 2015, 2016 and 2017 in your Lordships’ House: the legislation passed in the 2015 Budget insisting that all companies do quarterly digital tax returns. That in fact means they must do five tax returns, as they do an annual return, too. I link that to what the noble Baroness, Lady Lane-Fox, spoke about so ably: the digital economy. Many of those small business people do not have the ability to do these returns. I speak as an accountant; they will employ outside accountants to do five digital tax returns a year. This is an imposition on those businesses, one that cannot be for the benefit of those businesses, the country or the economy. The other side of that coin is what the noble Baroness, Lady Lane-Fox, spoke about: the lack of skills in business. The digital economy is the way forward. It is no longer a niche but is a big industry, whether that is cyber or any other aspect of the digital economy. That needs to be pursued.

The noble Baroness, Lady Bloomfield, quoted Maimonides. When I walk past his statue in the square in Córdoba, I will think of her words in your Lordships’ House. That brings me to some other quick points. Export is the life-blood of this country. Do the SMEs have the expertise to contribute to that? How much more expertise will they need with a hard or even soft Brexit, when we find ourselves outside the single market and customs union? What are the Government doing to help SMEs through this maze of world trading tariffs and the new experiences of export guarantees and tackling EU regulations from outside? Big businesses will find that a problem; small businesses will find it an insuperable barrier. That will be even more critical post Brexit, when we depend more on a competitive domestic economy.

Then there is another aspect of Brexit: freedom of movement. Skills are needed, very often from outside these shores. We worry that those skills will be turned off. The noble Baroness, Lady Lane-Fox, cited the problems in the digital economy. That is a good example of those skills we need. One-fifth of small and medium-sized enterprises have EU citizens on their staff. There is

also a great need to help the retention of international students in this country. Not much has been made of this but there is also a great need for the British Business Bank and access to it by small businesses. On corporation tax, we need to look not so much at reducing or increasing the rate by 1% or 2% but at having a rate for smaller businesses so that they can earn up to a level at a smaller rate of corporation tax and know the certainty of what is happening.

Finally, I hope the Government will look at a systemic review of the business rate system. At the moment, particularly on our high streets in London with which I am most familiar, small shops will be required to pay usurious business rates which will mean their closure and the opening of more charity shops, bookmakers—I should say turf accountants—and office premises. Their business is taken up by the warehouses opening on industrial sites which pay business rates at a far lower level. We need a systemic review of that. Once again, I thank the noble Lord, Lord Leigh, for initiating this debate.

1.57 pm

Lord Tunnicliffe (Lab): My Lords, I also thank the noble Lord, Lord Leigh, for initiating this debate. Indeed, I read the terms of the Motion and thought that this would be a bit of a love-in because it is essentially a statement of motherhood—do not get me wrong; I am in favour of motherhood—with which I and my party entirely agree. I enjoyed his speech. His critique of the worst of big, private business would have rocked the House had I made it, though his statements were all entirely accurate. The worst of big business is not very nice.

Underneath some ripples on the surface, there was quite a lot of consensus today. Many noble Lords seemed to be saying that business is the centre of our society et cetera. Nobody would disagree that you must create wealth to have welfare. That was very good. However, there was also a current that many businesses could do more to be more socially responsible and to have this concept of more stakeholders than just the profit stakeholder. There was also a bit of consensus that from SMEs you tend to get, perhaps through the business forces on them, better behaviour in terms of the breadth of the benefits and so on. Their natural behaviour is to spread their impact across society.

I want to be clear—as John McDonnell’s representative here on earth—that the Labour Party is in favour of successful business. I thought it was great that the noble Lord, Lord Leigh, put the Conservative Party manifesto in perspective when it came to business. I recommend that the noble Lord, Lord Fraser, look at our manifesto on business. It is a business-friendly and SME-friendly manifesto. I will now speak briefly on SMEs, because I agree with the noble Lord, Lord Palmer—indeed, I found myself agreeing with much of what he said; I am having an uncomfortable day.

Small businesses are very much at the heart of economic growth and innovation. Beyond economics, SMEs add vibrancy to our daily lives, knit local communities together and provide fulfilling work for millions of people and improve their lives. Particularly

as we approach Brexit, it is vital that the Government do more to support small businesses and create an environment in which they can flourish.

Small businesses face a number of problems. The noble Lord, Lord Shipley, and the noble Baroness, Lady Couttie, mentioned late payment and supply chain bullying. The noble Baroness gave one or two examples, as will I. The Groceries Code Adjudicator last month described suppliers as feeling, “in a constant state of jeopardy”,

while a recent survey by MarketInvoice found that five major businesses—John Lewis, Alliance Boots, Home Retail Group, Marks & Spencer and Kingfisher—paid 83% of their bills late. The new payment practice and reporting regulations are a welcome step but lack rigour in both their reporting requirements and the resources available to identify and take action against wrongdoers. Will the Minister clarify what the Government are doing to measure the success of their approach or must we depend on third-party surveys and anecdotes to judge their progress?

It was good to hear from the noble Baroness, Lady Neville-Rolfe—I missed her contribution to the Queen’s Speech—about her concern that all the good stuff she had done was not happening. We concur. We want to know how rapidly those measures will happen. We are particularly concerned about the Small Business Commissioner and their limited scope and resources. In Australia the model is to have a small business commissioner in every state and at the federal level. Their scope and flexibility help ensure strong support from the business community. The UK Government’s plans fall short on all these elements. Will the Minister provide an update on the recruitment of the Small Business Commissioner and their staff and when activities will begin?

SMEs play a crucial role in the development of new products, services and technologies. Investment in R&D—which, once again if you read our manifesto, we strongly support—is key to our future growth and never more so than in our current context. It is therefore concerning that the OBR showed a fall in business investment in 2016 and forecast a further fall in the future. Connecting SMEs to our world-class research base is more important than ever. In that respect, UK Research and Innovation and Innovate UK must assume greater significance in the years to come. We have a deep-seated productivity problem; boosting the capacity of business to engage in R&D will be central to overcoming that trend.

I agree that the complications of Brexit will be particularly difficult for SMEs. It is important that SMEs, particularly those that depend on exports to the EU, are not stifled in their activities. We are already seeing signs that many are holding off investment and plans for exports due to the current climate of uncertainty. Will the Minister clarify whether the Government are encouraging SMEs to continue with plans for exporting to the EU, and what support they are providing in this area?

A proper industrial strategy will be central to ensuring that business continues to thrive in the modern economy. I was struck by the Social Mobility Commission’s recent finding that:

[LORD TUNNICLIFFE]

“At current rates of progress, the Government’s ambition to create a high skill, high wage economy will never be met”.

Does the Minister agree with the commission’s suggestion that the Government’s industrial strategy should recognise the role of social mobility in increasing the UK’s competitiveness?

In order to flourish, businesses need a highly skilled workforce equipped to meet the challenges of tomorrow. For too long vocational education has been undermined. The UK ranks 16th out of 20 developed economies when it comes to how many people have a technical education. While we welcome the Government’s intention to simplify the process, it is more important to raise standards in the delivery and prestige of technical education, and drive up the quality and esteem of apprenticeships. Will the Minister clarify when the proposed T-levels will be introduced, and what consultation with business the Government are carrying out for their introduction? Will he also say what the Government are doing to prepare SMEs for the apprenticeships levy and encourage SMEs to make use of the financial support available for taking on young apprentices?

The gig economy is a worry. It is changing the way that many people work. The impact of technology and the gig economy is transforming many industries and the very nature of work itself. New platform technologies bring many benefits, as the noble Baroness said, but also many challenges, particularly for SMEs seeking to compete with large companies which in some cases fail to provide basic employment rights. In the new economy we must ensure not only fair treatment of workers but fair competition.

Finally, I will say a word or two about connectivity in the digital economy, which is so important to SMEs, through their role in delivering crucial infrastructure and the millions of SMEs making the most of opportunities that enhanced connectivity brings. It is concerning that half a million SMEs still do not have access to superfast broadband and are unable to participate fully in our digital economy. The UK has slipped down the EU rankings for broadband connectivity in recent years, and we are one of only three EU countries that have not matched the EU’s target of 30-megabit broadband for all by 2020 and at least 50% take-up of 100-megabit broadband. We need a far more ambitious approach to connectivity, particularly for our SMEs to prosper.

Earlier today the noble Lord, Lord Bates, accused me of being a pessimist. I am not usually a pessimist but I am afraid that I am becoming one. I do not think the country is in a very good way. A lot of recent trends are really quite worrying. But I make it absolutely clear that the Labour Party sees responsible business in partnership with government as a central plank of any positive future. We see the flourishing of SMEs as particularly important in this. We especially want to know how the help that SMEs deserve will be delivered by this Government.

2.08 pm

Viscount Younger of Leckie (Con): My Lords, I congratulate my noble friend Lord Leigh on securing this debate. I appreciated his thoughtful remarks and

agreed with a very large part of his speech. The House has benefited from some passionate speeches from several distinguished business leaders and leaders of important institutions in the UK.

I agree with the noble Lord, Lord Tunnicliffe, that there is a consensus in the House on the importance of businesses, small firms in particular, because of their influence on the economy and broader prosperity. They are indeed the wealth creators. As my noble friend Lord Fraser said, their taxes fund our public services. They are the employers who create opportunities for a fulfilling career. They are the beating heart of the UK economy, and we should be doing all we can to ensure that they grow and prosper.

We start from a strong position. The figures are impressive, as my noble friend Lord Popat said. There were a record 5.5 million private sector businesses at the start of 2016, as was mentioned by the noble Lord, Lord Shipley. This is an increase of 97,000 since 2015 and 1,015,000 net new businesses since 2010. Employment is also at a record high, with 372,000 net new jobs created in the past year, bringing the total to just under 32 million people in work. In fact the employment rate, at 74.8%, is the highest since 1971.

My noble friend Lord Popat commented on productivity. He was fairly blunt—he said we have a major productivity problem and made some comparisons with Germany. Let us be clear that this is certainly a challenge. It is not really clear why the UK’s performance has been so poor. Economists refer to the productivity puzzle. It is not a puzzle we will solve today. Technical skills, investment and entrepreneurship all play a part. However, we can identify one factor: productivity is the value-added per hour worked, and since we now have the highest-ever number of people in employment, some of those marginal jobs add less value and bring down the average. Countries with higher taxes and less flexible labour markets have higher productivity at the cost of lower employment. This is the trade-off which we should bear in mind. These are important issues that we are strongly seeking to tackle.

Entrepreneurs create wealth. As my noble friend Lady McGregor-Smith said, the Government’s role is to put in place the best possible environment in which to start and grow a business together with a tax system that ensures the benefits are shared fairly. Several noble Lords spoke about the importance of universities and social enterprises, notably the noble Baroness, Lady Dean, and the noble Lord, Lord Shipley. I agree with those who have urged us to consider all businesses. We have heard about the importance of universities and social enterprises, employee-owned businesses and housing associations. All these have an important role to play; they are very much part of the Government’s vision and will be included in the industrial strategy, which answers the question asked by the noble Lord, Lord Tunnicliffe.

Let me mention some of the actions on tax that the Government have taken since 2010. We have reduced the rate of corporation tax from 28% to 19% and plan to reduce it to 17% by 2020, benefiting 1 million companies. We have cut income tax bills for 31 million people by raising the personal allowance to £11,500 and have plans to raise it further to £12,500 by 2020. We have introduced the employment allowance, giving

1 million employers up to £3,000 off their national insurance contributions bill. We have introduced a national living wage of £7.50 per hour for all employees aged over 25 and we have extended small business rate relief, which means that 600,000 small businesses no longer pay business rates.

The noble Lord, Lord Shipley and my noble friend Lady Neville-Rolfe looked at business rates and the advantages of going online. They are right, but they will recall that at Budget 2016 the Government announced cuts to business rates worth some £9 billion over the following five years. These reductions go some way to redress the balance since the benefits are felt by businesses on the high street rather than those operating solely online. However, the Government are actively considering what further steps they could take without seeking to penalise successful online businesses and their contribution.

Some have suggested that these cuts in corporate taxes go too far. They may be interested in a recent analysis by accountancy firm PricewaterhouseCoopers of 100 large companies which between them collect or contribute 13% of all government tax receipts. In 2016, the year in which corporation tax was cut to its lowest-ever level of 19%, receipts from this tax increased by 9.2%, so low tax rates help competitiveness, improve confidence and can lead to increased resources for our public services.

My noble friend Lord Popat spoke about issues involved in setting up a business. He said that sometimes it feels as if one's hands are tied behind one's back and questioned whether the business environment is supportive and competitive. It is worth noting that the World Bank ranks the UK seventh in the world for ease of doing business, ahead of Germany, France, Japan and the United States. Of course, we should not be complacent. There is much more to be done, but it is worth putting a bit of balance to his statistics.

The Government have a role in fostering innovation, enabling the growth of emerging businesses that are pioneering new technologies and new business models. These new businesses raise productivity, offer high-quality jobs and boost UK export opportunities. For example, the UK has one of the largest aerospace industries in the world and has pioneered new technology for modern satellites. The Space Industry Bill, which was announced in the gracious Speech, will enable the licensing of commercial spaceflight, including rockets, space planes, satellite operation, spaceports and other technologies. British businesses are at the forefront of this so-called rocket science.

In her passionate speech, the noble Baroness, Lady Lane-Fox, spoke about digital skills and encouraging technical and digital skills in terms of signing a new digital ethical charter. At the same time as our tech sector is thriving, with London confirmed as the number one destination for tech investment in the EU, too many businesses lack the skills they need. We engage with business organisations regularly on these issues, as I am sure the noble Baroness is aware, but I am grateful to her for her personal commitment and her actions to ensure that the benefits of the technology are accessible to all.

The noble Baroness, Lady Lane-Fox, spent some time in her speech focusing on the value of digital skills. The noble Lords, Lord Tunnicliffe and Lord Palmer, also spoke on this subject. The noble Baroness is right that small businesses and the self-employed are missing out on business opportunities and achieve lower productivity because too many of them lack these skills. This issue needs to be tackled around the country, particularly where small businesses operate. The Government have supported and invested in the creation of a network of growth hubs to provide businesses across England with tailored advice and support at local level. There are now 39 growth hubs, one in each local enterprise partnership area, providing much-needed access to impartial and co-ordinated business support to 100% of the registered business population in England. Growth hubs provided intensive support to 47,618 businesses, including in digital skills. The Government will continue to focus on this important issue, working with growth hubs and the technology sector.

We should also not forget the social benefits to communities and public services that flow from innovation. Technology is supporting our social care system, for example, by helping older people remain independent in their homes for longer, and the UK's growing education technology sector is supporting children to achieve in the classroom. The UK's world-leading research base is a vital part of these success stories, including universities, Innovate UK and the network of catapults that bring together innovative businesses and accelerate the development of new products and processes.

That gives me an opportunity to praise the noble Baroness, Lady Dean, for bringing up universities, particularly the University of Nottingham. I congratulate the university on its gold award. Universities are businesses that have a vital supportive role in this country, not least in employment and in focusing on the needs of students.

Equally important is access to finance across the country, catalysing growth and private sector investment. The British Business Bank in particular, which several noble Lords mentioned, is core to our ambitions to ensure that all businesses can secure the right finance at the right time to achieve their goals. The bank invests alongside the private sector through guarantees and co-funding. The Start Up Loans company, a division of the bank, has already helped more than 44,500 entrepreneurs to realise their goals by lending more than £284 million, and the bank's programmes have enabled £3.4 billion of finance to more than 54,000 established businesses. Last autumn, the Government provided £400 million of new funding for the bank's venture capital programme, which will unlock a total of £1 billion of investment into innovative firms. The bank is ensuring that equity funding is available to businesses in all parts of the UK. The £400 million Northern Powerhouse Investment Fund is already active and the £250 million Midlands Engine Investment Fund is expected to launch shortly.

I have outlined the role of government, but I want briefly to acknowledge the important point that my noble friend Lord Leigh alluded to about creating a

[VISCOUNT YOUNGER OF LECKIE]

balance. That balance is important in terms of having necessary taxes imposed on business but not to the extent that its behaviour becomes detrimental to wealth creation. I could say more about that, but it is an important point to make as part of this debate. What should we expect of businesses themselves, particularly those larger companies whose actions shape public opinion? In a word, we expect them to act responsibly: this is definitely a theme that has come out during this debate. In thanking my noble friend Lord Shinkwin for his contribution, I note the importance of business's role in supporting people with disabilities. I reassure him that, in developing our industrial strategy, we have already met representatives of Disability Rights UK, which responded to the strategy consultation. Responsible businesses ensure that they pay their fair share of tax, treat their employees with respect and pay their suppliers on time.

There has been a strong emphasis today on social responsibility, but there is also moral responsibility and I will move on to the issue of prompt payment, raised by my noble friend Lady Couttie. As she reminded us, late payment is a pressing issue that disproportionately affects small businesses. The noble Lord, Lord Shipley, raised this, as did my noble friend Lady Neville-Rolfe. I am delighted that she contributed again today. She brings back to these Benches, from the Front Bench, huge business experience and a wealth of success from her ministerial responsibilities. The Government are tackling late-payment culture through a package of measures, including requiring large businesses to report on their payment practices and performance; creating the prompt payment code; and appointing a Small Business Commissioner. I reassure my noble friend and the noble Lord, Lord Tunnicliffe, that the recruitment of the Small Business Commissioner is well under way and I am assured that the commissioner will be appointed later this year.

Greater transparency will enable suppliers to judge for themselves which firms pay their bills promptly. The prompt payment code sets the standard for best practice between organisations of any size and their suppliers. All the Government's strategic suppliers have signed up to the code. They have committed to pay 95% of invoices within 60 days and to work towards adopting 30 days as the norm. The Small Business Commissioner will support small businesses in resolving payment disputes and avoiding similar issues in the future. Most importantly, the Small Business Commissioner will set about encouraging a culture change in the way large businesses pay their suppliers. My noble friend Lady Couttie hoped that reform of the courts will be business friendly. I reassure her that the needs of business are being taken into account in these reforms. The Small Business Commissioner, once appointed, will be well placed to ensure that the reforms have the intended effect and facilitate the recovery of trade debts by businesses. Taken together, these measures should encourage a real change in payment culture, helping small businesses to access the cash flow they need, so importantly, to invest and grow.

My noble friend Lord Leigh mentioned the importance of trust and I will focus on this issue. One way in which businesses can restore public trust is through

greater transparency, not only in their payment practices but in their operations as a whole. Quoted companies are now required to set out, in their annual report, how they take into account the interests of employees, customers, suppliers and the environment. They are answerable to their stakeholders on this, not just their shareholders. All firms with a turnover greater than £36 million now produce an annual statement setting out how they are combating slavery and human trafficking. Transparency builds trust and disclosures such as this are an important element to restore faith in responsible business.

Several speakers identified the role of business in improving life chances. We should recognise the real contribution that businesses make to social mobility. The Social Mobility Commission, in partnership with the Social Mobility Foundation and the Corporation of the City of London, are studying how businesses can help people from all social backgrounds to progress and improve their life chances. The top 50 UK employers which have taken the most action to improve social mobility in the workplace were announced on 21 June. We believe this to be the world's first social mobility employer index. Some 17% of these firms now set social mobility targets as part of their business strategy, recognising that doing the right thing also makes good business sense.

My noble friend Lady McGregor-Smith spoke about the social mobility index and I pay tribute to her tireless work in this area. As she said in her recent report:

“Every person, regardless of their ethnicity or background, should be able to fulfil their potential at work. Diverse organisations that attract and develop individuals from the widest pool of talent consistently perform better”.

That is the business case as well as the moral case and I think that the whole House will support that statement.

Businesses up and down the country are going beyond their legal obligations and making a real difference wherever they operate. As my noble friend Lord Leigh put it, they run their business as a genuine stakeholder in the community. For example, as my noble friend Lady Bloomfield mentioned, Timpson, the retailer, employs ex-offenders and offers them a new start in life. National Grid recruits young people not in employment, education or training and equips them with skills for the future. As my noble friend Lady Rock said, Siemens contributes to the increasingly vital engineering skills that are so needed for our country. As the noble Baroness, Lady Greengross, mentioned, Anglian Water, recently awarded Responsible Business of the Year, has halved its carbon emissions on capital works through long-term relationships with its suppliers. Many of these companies are members of Business in the Community, the Prince of Wales's network for responsible businesses. Its 800 members take action on employment, enterprise, education and the environment. They are acting responsibly and meeting their business objectives. The noble Baroness, Lady Dean, made important mention of social housing and housing associations. I agree with her that the role of housing associations goes beyond the provision of

homes: they are actively addressing issues such as employability, parenting and excessive debt as part of the mix.

Through charitable giving, the wealth generated by businesses and entrepreneurs directly supports education and the arts. Private donations accounted for 18% of the income of arts and culture organisations in 2015, rising to 29% of income for smaller organisations with income of less than £100,000. That is a total investment of £480 million from private sources, an increase of 21% on the previous year—

“primarily driven by high-value individual donations”, according to the Arts Council. This is important as we make ever-greater efforts to value the arts and their contribution to our well-being and, indeed, our economy. I think of the impact that the Symphony Hall has had on the regeneration of Birmingham, or the Baltic Centre for Contemporary Art in Gateshead.

An example that may be less familiar to your Lordships is the Auckland Castle Trust in County Durham, whose project has the potential to bring some 750,000 visitors each year to Bishop Auckland, create more than 600 jobs and bring economic benefits of some £45 million annually. The £300 million investment is being raised overwhelmingly from private sources: a great example of philanthropic vision. My noble friend Lady Bloomfield cited some interesting examples from the City and beyond. She spoke about the moral and economic case for contributing to the community—and she is absolutely right.

Our economy faces challenges as we exit the European Union. The Government will seek to give business as much certainty as we can and we will continue to work closely with the trade unions, in particular, with employer representatives and with businesses themselves. My noble friend Lady Neville-Rolfe stated that business needs a sense of vision and options for the post-Brexit world. She rightly pointed to the need for a clear vision for that. The industrial strategy White Paper, which the Government intend to publish this year, will build on the proposals we put forward in January and the many representations we have received. It will set out a shared vision of the way ahead. Businesses have demonstrated their resilience through the financial crisis and their ability to grow and offer employment to more people than ever before.

My noble friend Lord Popat urged the Government to be bold and I believe that we are being just that. As my noble friend Lord Shinkwin put it, rather succinctly, let us always remember that the NHS, schools and other vital public services rely on the wealth created by entrepreneurs through the businesses they have built. Let us celebrate the contribution they make and ensure that their voices are heard in the decisions that lie ahead.

2.30 pm

Lord Leigh of Hurley: I thank my noble friend the Minister for his all-encompassing response and thank those noble Lords who took the time and trouble to participate in this debate and say some very nice words about a very simple task I undertook—it compares well with the last debate I led on business, which attracted less complimentary comments. I am delighted

that we have achieved so much consensus and agreement, although to clarify for the noble Lord, Lord Tunnicliffe, the fact that I criticised the Conservative manifesto did not mean that I agreed with everything in the Labour manifesto—not at all.

Lord Tunnicliffe: Has the noble Lord read it?

Lord Leigh of Hurley: I have read it—in detail—and I would be very happy to discuss with the noble Lord, Lord Tunnicliffe, some of the concerns I had. I believe that it is vital for this House to listen to the concerns of business and to offer business guidance. Business has felt that it has had a disproportionately low level of interest from this House when compared to many other subjects, and I hope that this debate serves to answer that and that we will have the opportunity to revisit this subject in the near future.

Motion agreed.

Domestic Violence and Abuse

Motion to Take Note

2.31 pm

Moved by Baroness Manzoor

That this House takes note of Her Majesty's Government's plans to protect and support victims of domestic violence and abuse.

Baroness Manzoor (Con): My Lords, throughout my adult life I have tried to do my bit to create a fairer society and one that values and improves the lives of some of the most disadvantaged and vulnerable people in our communities. I have tried to do this through my work in the health service, through my work as the Legal Services Ombudsman and Legal Services Complaints Commissioner for England and Wales, as a trustee of the NSPCC, and as a commissioner and deputy chairman of the then Commission for Racial Equality. I have listened to and seen at first hand the harrowing effects that physical, sexual and psychological abuse and violence can have on the lives of individuals and on the lives of their families.

I was very moved by my noble friend Lady Secombe's insightful speech last week when she spoke about domestic violence. It made me reflect on the great strides that society has made in bringing this corrosive behaviour and violence to light so it is no longer hidden, mostly, behind closed doors. Attitudes, quite rightly, have changed significantly. However, despite the great strides made, sadly the Office for National Statistics figures, which I make no apology for quoting, show that for the year ending March 2016, of those who said they had experienced domestic abuse, 1.2 million were female and 651,000 were male—of every three victims of violence, two will be female and one will be male. Overall, 27.1% of women and 13.2% of men had experienced domestic abuse since the age of 16, equivalent to an estimated 4.5 million female victims and 2.2 million male victims. Around seven women a month are killed by a current or ex-partner in England and Wales. Findings from the British Crime Survey show around 30 women, every day, attempt suicide as a result of experiencing abuse. Every week, three women take their own lives. These are shocking figures.

[BARONESS MANZOOR]

Like Age UK, I am also concerned that domestic abuse towards older people is a hidden issue. Coercive behaviour and control is the dominant aspect of abuse, and this can make victims even less likely to disclose abuse, and professionals do not always identify indicative patterns. Official police statistics consistently report low levels of abuse and domestic violence against older people, while prevalence surveys suggest that around 340,000—about one in 25—older people living in the community are affected by abuse every year. Health and Social Care Information Centre figures show that the majority of all safeguarding concerns relate to those over 65. Age UK recently found that, at a very conservative estimate, 130,000 people living in the community aged 65 and over have suffered financial abuse. As with younger age groups, the majority of victims are women.

It is also important to note that statistics on domestic abuse are often based on the Crime Survey for England and Wales, CSEW. However, the self-completion module of this survey has historically only been put to respondents aged 16 to 59. Can my noble friend the Minister say what the progress is on plans to totally remove the age limit of CSEW abuse statistics? No loving partner, no loving parent, no loving member of the family or friend should violate those closest to them. Age is irrelevant.

As a society, we must have zero tolerance to domestic violence and abuse. To that end, I would personally like to see the law strengthened so perpetrators of domestic violence serve their full prison term rather than being released after serving only half. Despite domestic violence and abuse affecting both men and women, it is women and girls who bear the brunt of it. It is therefore right that the Government have made stopping violence against women and girls a priority. But no one should live in fear of these crimes, and everyone should have the right to feel safe at home and in their communities.

In that regard, the Government have undertaken some ground-breaking work which should be commended. They have published their *Ending Violence against Women and Girls* strategy and pledged increased, dedicated funding of £100 million between now and 2020. They have launched a £15 million service transformation fund to boost local provision of services to promote and embed the best of local practice. They have launched a £20 million DCLG domestic abuse accommodation fund, which will support 76 projects, creating 2,200 new bed spaces in refuges and other specialist accommodation. They have rolled out domestic violence protection orders and the domestic violence disclosure scheme, and introduced a specific offence of domestic abuse, which outlaws patterns of controlling or coercive behaviour and carries a maximum penalty of five years' imprisonment, a fine or both. They have placed domestic homicide reviews on a statutory basis and driven improvements to the police response time by overseeing delivery of recommendations from HMIC reports. They have also prepared legislation that will give family courts the power to stop abusers from cross-examining victims in person.

Those are all welcome measures, and as a result of the Government's strategy, the volume of prosecutions and convictions for domestic violence is now at its

highest-ever level. That means more victims are coming forward and are seeing justice than ever before. However, although it is important to recognise these improvements, there is still a long way to go, as the statistics I have outlined and the recent joint report by HMIC and HMCPSP, *Living in Fear – the police and CPS response to harassment and stalking*, show.

I am therefore pleased that the Government intend to build on this important area of law by announcing in the gracious Speech that they will be introducing a new domestic violence and abuse Bill. Currently, there is no definition in law of domestic violence and abuse, and the law in this area is fragmented across different pieces of legislation. I hope that the Government will remedy this in the domestic violence and abuse Bill, as well as defining the law on what is domestic violence and abuse. That would bring greater clarity and guidance to the justice system, as well as better understanding of the law and the role and responsibilities of key professionals working across our public sector. Perhaps my noble friend say whether the definition will consider all forms of domestic abuse—for example, financial abuse, abandonment, including outside the UK by UK nationals living in the UK, and intimate partner violence.

I agree with the Women's Aid network that the Government should put prevention and early intervention at the core of the new legislation and any regulations relating to it. This will enable domestic abuse to be identified and responded to before it escalates. It needs with clarity to address areas of prevention and early intervention in its strategies in areas such as in the community and at work, and better engagement and co-ordination with professionals in the health service and in the care of the elderly.

I would like the Bill to strengthen work on sanctions for perpetrators of violence and the reporting mechanisms between professionals, such as the NHS and enforcement agencies. Safeguarding issues are important for all vulnerable people, but more so for the young and the elderly. The Government should also consider putting in place mechanisms which enable us better to understand and respond to the devastating and lifelong impact that domestic abuse has on children, who carry the effect into adulthood. Such mechanisms could enable targeted and better planning of services and access to specialist needs-led support—which is vital.

We should not forget the ratification of the Istanbul convention. A Private Member's Bill relating to this, so ably taken through your Lordships' house by the noble Baroness, Lady Gale, received government support—no doubt the noble Baroness will have more to say today. The ratification of the Istanbul convention by the Government will put in place an important framework in the UK which will enable the proper monitoring and assessment of progress. It had full cross-party support, and I hope that the Minister will be able to give a timetable for its implementation.

Given the landscape I have outlined, these are all significant areas of policy, and I support the Government's commitment to and emphasis on further legislation and regulation, which continues to improve and protect the lives of some of the most disadvantaged and vulnerable people in our communities.

To conclude, can my noble friend say how the domestic violence and abuse Bill will recognise the harm inflicted on children who witness domestic abuse, and how will the Government support the Bill with practical action and resources? Also, will the Government think carefully and creatively and use the Bill as an opportunity to amend company law in tackling modern slavery and abuse by incorporating or linking Section 54, which relates to supply chains and subcontractors under the Modern Slavery Act, into UK company law? I mentioned last week that the French vigilance law is a good example in relation to human rights and the environment.

I end by congratulating the Government on its domestic violence and abuse strategy and with a quote from Women's Aid network:

"The Domestic Violence and Abuse Bill is a once-in-a-generation opportunity to create a step change in the identification of and response to domestic abuse by public sector agencies, and set in motion a cultural shift in the way that our communities recognise and react to survivors".

I could not agree more. I beg to move.

2.44 pm

Baroness Royall of Blaisdon (Lab): My Lords, I warmly welcome today's debate and thank the noble Baroness, Lady Manzoor, for taking such an important and timely initiative. It will enable the Minister to provide details about the Government's proposals in relation to the important domestic violence and abuse Bill. Many vital aspects of this issue deserve consideration, as today's wide-ranging debate will show, but as a trustee of the fantastic charity Paladin, the National Stalking Advocacy Service, I will focus my remarks on stalking.

Paladin is marking its fourth anniversary, and I celebrate all that we have achieved in such a short period. We have been advocates and campaigners. Working with others, we have brought about changes in the law. We have developed and nurtured best practice and, through training, we are slowly—all too slowly—changing culture and practice in the police and judiciary. Most importantly, our brilliant accredited independent stalking advocacy caseworkers—ISACs—have supported thousands of victims of stalking when they are at their most vulnerable and desperate. They have saved lives.

The women who turn to Paladin are of all ages and backgrounds, including some with a very high profile. I am hugely proud that we are the only national advocacy service in the world, but I am dismayed that the need for our services is growing. The challenges that society, and therefore our service, faces are constantly changing. Social media, which is wonderful and liberating in so many ways, has become yet another tool for perpetrators and a torment for victims. Consequently, our expertise and practices are evolving, and so must the policies and practices of the police and criminal justice system.

It is extraordinary, and deeply depressing, that in 21st-century Britain at least 700,000 women are hounded by stalkers every year. Too often, the signs of danger and despair are missed, leading to murder. Yesterday's report, which has already been mentioned, from Her Majesty's Inspectorate of Constabulary and Her Majesty's Crown Prosecution Service Inspectorate, was truly

devastating. The report followed a review of 112 cases of stalking and harassment taken from six police force and CPS areas across England and Wales. Victims were constantly let down, and not one of the cases was well dealt with overall.

Murder is always a heinous crime but, as a society, we should be incensed by the fact that most murders of victims of stalking could have been prevented. The signs are usually there for the police to see, but it is not possible to recognise them without training, appropriate tools and knowledge of best practice.

Just last week, we held a conference entitled "Raising the Bar—Preventing Slow Motion Murders", an opportunity for members of the police and criminal justice system to share in Paladin's learning, knowledge and best practice as derived from a review of more than 2,000 cases, and to galvanise action. The messages from all participants, including professionals, police, the HMIs, the Sentencing Council, victims and their families, were absolutely clear: the appalling lack of training, especially for the police, is making the lives of victims hell and leading to deaths. There is still not enough awareness of stalking and a national stalking register is urgently needed.

Noble Lords will recall that four years ago, the independent parliamentary inquiry on stalking law reform, of which the noble Baroness, Lady Brinton, was a leading member and to whom I pay tribute for her courage and tenacity, produced a comprehensive report. Sadly, many of its findings were much the same as those in the report published yesterday and, despite all the evidence about training, best practice, raising awareness, assessment and advocacy, too little has changed. Women have died and continue to die because lessons were not learned—women such as Molly McLaren, who was murdered last week in Kent, Anne-Marie Birch in Kent, Justene Reece in Staffordshire, Hollie Gazzard in Gloucestershire, and many others. Since Hollie's murder and the amazing campaigning work of her father Nick, things in Gloucestershire have greatly improved. The police have received training and we now have a multiagency approach, with an ISAC based in the excellent Gloucestershire Domestic Abuse Support Service, but this new system now needs proper evaluation.

The disgrace is that, before Hollie's death, there was no police training in Gloucestershire and all the signs were missed. Along with tens of others, her murder could have been prevented. In many cases, the murders have been referred to the Independent Police Complaints Commission, but still the vital lessons have not led to action. Crucial patterns are not identified, indicators of risk continue to be missed—a victim's fear, a victim not being believed, coercive control in the relationship, serial perpetration against multiple victims and threats to kill are too easily dismissed. There is evidence that one in two domestic stalkers and one in 10 of non-intimate stalkers, if they make a threat, will act on it, yet, alarmingly, no priority is afforded to those cases, despite 76% of murders happening on separation, and 34% within the first month. The University of Gloucestershire found that in 94% of homicides that it reviewed, stalking was present.

[BARONESS ROYALL OF BLAISDON]

If there had been comprehensive training, thousands of victims of stalking who live in constant fear and whose lives have been blighted, could have suffered less. Stalking is a crime of persistence and control, and repeated patterns of behaviour can have a devastating effect on the victim and her family. Helen Pearson from Devon made 125 reports to the police over five years, and each time she told them it was linked to the previous report. But the police did not act, and then her stalker tried to kill her. It took eight years for the police to apologise. As Helen has recently said:

“I have to live with this every day. It’s just not good enough and I don’t want others to suffer like I have. The police must believe victims when they come forward”.

Alice Ruggles was murdered last autumn, and her father told us in the conference last week that he believed that Alice’s fear was dismissed by the police due to her polite and respectful demeanour. There was no consistency in the way in which her calls were handled. I learned last week that when one of our ISACs contacted the Durham police on behalf of a victim she was told, “We don’t have stalking in Durham—it only happens in the United States”. Many victims report that when they contact the police to report an incident and ask for help they are frequently asked, “Well, what do you think we should do about it?”, or they are told that the incidents that they are reporting are not significant. This is appalling, and there is no excuse. As the HMIC report says:

“Forces need to improve their understanding of harassment and stalking. Some victims are at considerable risk, and failing to identify and tackle this can have fatal consequences. Police leaders across the service need to grip this issue urgently”.

Specialist training has been developed as well as essential tools like DASH and S- DASH, the risk screening tools, but these are too often misused or not used at all. I believe that training for all police forces and for the criminal justice system should be mandatory. When we introduced the stalking laws in 2012, the noble Baroness, Lady Brinton, and I along with others argued that training should be in the Bill and that it should be mandatory, but this was not agreed by the Government. I regret that. As a result of the HMIC report and its recommendations, I trust that the Minister will add her voice to the demands from professionals, victims and their families for training in each and every police force—not tick-box training, which did not save the life of Shana Grice in Sussex, but specialist training. Even after the tick-box training, Shana, when she reported an incident of stalking to the police, was given a fixed-penalty notice for wasting police time.

There have been real advances in legislation since the first stalking laws in 2012, with the introduction of the coercive control offence in 2015, the stalking protection orders announced in December, and doubling the sentence for stalking, for which I am grateful. But as yesterday’s report so clearly demonstrated, laws are not enough; awareness-raising and training is required. Too many prosecutors are charging stalking offences as harassment, meaning that charges do not reflect the seriousness of the offence and victims do not receive the support that they require. In addition, there is some plea-bargaining for expediency, which is simply not acceptable. It was clear from what the DPP was saying in our conference last week that the CPS recognises

the need for change, and I hope that it will follow the recommendations of the report, including that the CPS should ensure that all prosecutors have received training about harassment and stalking.

The changes in the law have largely come about as the result of campaigning by victims, their families and charities that support them. They are best placed to know where there are gaps in the law and where action is needed. They welcome the draft Bill that the Government have announced but—as that is likely to take some time to get on to the statute books, due to what I hope will be pre-legislative scrutiny, which I strongly support—on their behalf I ask the Minister to consider the urgent introduction of a register for serial stalkers and domestic violence perpetrators, which could be incorporated into ViSOR, the Violent and Sexual Offenders Register, and managed under MAPPA, the Multi-Agency Public Protection Arrangements. This would enable police to monitor and track perpetrators, taking the onus off the victim and protecting them.

At the moment, it becomes clear that a stalker is a serial stalker or abuser only if evidence is given by a number of victims. If there were such a register, perhaps Alice Ruggles would not have died. Indeed, her stalker, who had a history of abuse, was issued with a police information notice that was not enforced when breached. I noted that one of the recommendations of the HMIC report is that chief constables should stop the use of police information notices and their equivalents immediately. John Clough and Pamela Dabney, whose daughters were both murdered by their stalkers, are leading the campaign for a register. Might the Minister agree to meet them and Laura Richards to discuss this issue further?

Stalking is rightly known as murder in slow motion. We know that these murders can be prevented, and that we can better protect victims. There is, sadly, now a huge body of evidence, and we know the lessons that should have been learned. The report from the HMIC and its recommendations are welcome, but there is nothing new. Now is the time for action. I am delighted that a few—too few—police forces have commissioned training and have SPOCs in their teams, but protection and support for victims should not be a postcode lottery. All police forces should be trained; all should use the tools and best practice available. I understand that there is always a question of resources, but this must be a priority—and it could, of course, save a huge amount of money that is currently spent on murder inquiries.

Victims must receive support and have access to accredited ISACs. This service costs money and, to date, there has been no funding from government. I understand that the provisions in the draft Bill will be accompanied by a full programme of non-legislative measures, backed by the £20 million of funding announced in the Budget. I urge the Minister to ensure that a small part of this money is invested in Paladin towards the service delivering advocacy to high-risk victims and to our university-accredited ISAC training. Independent domestic violence advisors, IDVAs, have been resourced or partially funded, I believe, so why not ISACs?

As yesterday's report clearly states, the police and judicial system is failing victims of stalking by under-recording, inconsistent services and a lack of understanding. In the words of Her Majesty's Inspector of Constabulary, Wendy Williams, who led the inspection:

"Changes need to be made immediately and the recommendations in the report should be acted upon without delay to protect victims from further harm".

Let us ensure that this desperately needed action is taken and that we deal with stalking with the seriousness its victims deserve.

2.57 pm

Baroness Brinton (LD): I thank the noble Baroness, Lady Manzoor, for securing this important debate and for the breadth of its title, which makes it clear that we are talking not just about domestic violence. It includes abuse—and, as the noble Baroness, Lady Royall, specified, it needs to include coercive control and stalking. I would add one further point from my own personal experience. I was stalked by my Conservative political opponent in the run-up to the 2010 general election. Because that was entirely political—although it was sexual as well—it was not domestic; however, all the traits of that behaviour followed the form of everything else. When the domestic violence Bill is before this House, I hope that the definition in its widest sense is included as well.

We have already heard that at least two women are killed every week in England and Wales through domestic violence, and as many as one in four women will experience some form of domestic violence in their lifetime. The impact of domestic violence is disproportionately felt by women, but we should not ignore the fact that it is also a problem for men. However, I want to focus on younger, single, socioeconomically disadvantaged women, who often find themselves targeted. Despite the prevalence of this epidemic—invisible to most people—our legal and judicial institutions have failed to accommodate and support the victims of such crimes in several respects. Noble Lords will know that I have spoken on this subject in your Lordships' House on a number of occasions.

I will add a statistic that may not sit within domestic violence. Perhaps more worryingly, nearly 11% of rape cases are reported as "no crimes" by our justice system, higher than any form of sexual assault. We know that rape and domestic violence have been among the hardest things to secure charges for. It is crucial that we further develop competent institutions that cater for the individual needs of victims of domestic violence and abuse on a case-by-case basis, in a way that protects the identity and safety of the victim at the point of reporting and preferably after, and provides first-class services, counselling and resources through any and all means necessary to meet the needs of those who have faced such suffering and difficulties.

I thank the many organisations that support victims of domestic violence, domestic abuse, coercive control, and stalking. Most of those organisations are run by people who have themselves been victims and survivors of those forms of abuse. I also thank the noble Baroness, Lady Newlove, who is speaking after me. I am sure that, as the Commissioner for Victims, she will talk

about that role. I will not steal her thunder except to say that her 2015 report was extremely significant. It laid out clearly the failures of process in our system—from the start with the police and throughout the criminal justice system, including the family courts. Almost 75% of the victims consulted in that review were unhappy with the response they received, and over 50% found that the relevant agency's complaints process was difficult to use. No wonder it becomes difficult for victims to come forward.

Last year, the Public Accounts Committee published a report that concluded that the,

"system is bedevilled by long standing poor performance including delays and inefficiencies, and costs are being shunted from one part of the system to another".

The system—that is, victim support—

"is not good enough at supporting victims and witnesses", and:

"Timely access to justice is too dependent on where victims and witnesses live".

The committee was concerned that the Ministry of Justice,

"has been too slow to recognise where the system is under stress, and to take action to deal with it",

and that:

"There is insufficient focus on victims, who face a postcode lottery in their access to justice due to the significant variations in performance in different areas of the country".

The committee's chair, Meg Hillier MP, said:

"An effective criminal justice system is a cornerstone of civil society but ours is at risk. Too little thought has been given to the consequences of cutbacks with the result that the system's ability to deliver justice, together with its credibility in the eyes of the public, is under threat. Our Report paints a stark picture of the human cost of critical failings in management from the top down. The system is overstretched and disjointed. Victims of crime are entitled to justice yet they are at the mercy of a postcode lottery for access to that justice. About two-thirds of Crown Court trials are delayed or do not go ahead at all and only",

just over half,

"of those who have been a witness say they would be prepared to do so again. These are damning statistics".

This is why, in the course of the Policing and Crime Bill, I laid amendments before your Lordships' House that would not just strengthen victims' rights but, for the first time, place a duty and responsibility on everyone in the police and criminal justice system, and anyone in any other agency who comes into contact with a victim, to deliver the victims' code support, which is set out really quite well. The problem we have is not the victims' code, but the lack of responsibility for agencies to deliver.

Why is this necessary? I have stories from two women, which I heard last year. The first spoke very movingly about how hard it was to take her continued domestic abuse—not just from her husband; she was sex trafficked to his friends. One of the first police officers she reported it to told her that she should enjoy it—it was clearly part of their marriage—and that she should be flattered that she was regarded as such an attractive woman. She went on to complain, as the abuse continued. Her children were witnesses to it and eventually she and the children fled the marriage. Because he was known and the children were therefore at risk, a social worker was involved. After she had been provided with a safe place to live, the social worker divulged the address to the husband on the

[BARONESS BRINTON]

grounds that, as a father, he had the right to know where his children lived. This happened not once in this case, but twice—with the same social worker. He also abused the family courts process by asking repeatedly to have access to the children. Until very recently, there was no linkage between the criminal court system and civil court system to ensure that this could not happen. She now lives 200 miles away from him and the children are at their third or fourth school. She cannot allow them to appear in any photographs at school or in any activities anywhere, because she is really worried that, some years on, the children will be recognised on social media and her ex-husband would be able to find her.

The other case concerns a woman who was viciously assaulted by her husband. Then, he laid her down on a bed and, in front of their child, raped her violently. He then got up and, when the child tried to stop him, he attacked the child. When this one assault, which took place in under four minutes, was reported, the local police station insisted on each separate crime being listed separately and dealt with by separate departments within the police force—against all the formal requirements for cases such as this, which state that there should be one crime number and one leading officer, and all agencies should work together. This is the postcode lottery in reality, and this is why women attempt to take their lives: they know that will not be listened to and they cannot get the support they need.

This morning, my Private Member's Bill had its First Reading. It is 35th on the list so I suspect it will not get very far, but I will be bringing forward some of the text of that Bill as amendments to the domestic violence Bill to ensure that training becomes mandatory, not just for the police but for the criminal justice system and for social workers. We need mandatory reporting of child sex abuse because, too often, in cases of domestic violence and domestic abuse, the children are targeted as well. We also need to ensure that the formal processes I have outlined are required training, both in the police and the criminal justice system. There is only one way to do that, which is by formal, mandatory reporting back to Parliament. Otherwise, it will not happen.

I understood, although I rejected and objected to, the lack of mandatory training and reporting when the stalking law reform went through. Some four or five years on, it is clear that that system is not working. This needs to change, and I am extremely grateful to the noble Baroness, Lady Manzoor, for bringing forward this debate. These points have not been covered in the Home Secretary's announcements over the last few days. None of the system will work and all the money going into preventive work will fail if victims cannot get the support or the services they need to make sure that such incidents are reported.

Your Lordships will know that I have a particular interest in disability. Will disabled women be specifically included in the Istanbul Convention? At the moment, they are invisible in that regard but they are, I am afraid, also targets of domestic violence and domestic abuse. I am encouraged that the Government are taking the next steps towards ratification, but I would like to know whether there is a timescale for it, whether

it will happen before or after Brexit, and whether the Government continue to provide the right support. There has been much debate in your Lordships' House and elsewhere about working across Europe after Brexit. If we are moving towards ratification, I hope that the Minister can confirm that we will not only ratify but, like many other countries in Europe, continue to work cross-country to learn best practice and hopefully ensure that we can contribute examples.

Some European projects, such as Implementing Victim-Oriented Reform—known as IVOR—have longitudinal studies on victim treatment across the EU. The Protasis Project funds cross-cultural workshops with police from Portugal, Italy and Greece to develop the manner in which victims are treated and how the various agencies work. The sophistication of our domestic abuse units, child protection teams, multi-agency risk assessment conferences and domestic violence advisors is in theory reputable. We have to ensure that those employed in such services can execute their responsibilities in practice. There is much to learn from how our European colleagues handle some of these processes. Can the Minister assure me that we will be looking and learning from those as well?

I have painted a pretty bleak picture but I end on a more positive note. I worked with a victim of domestic abuse in my home town of Watford some 10 years ago. She went through all sorts of things, including having emergency alarms fitted in her own house, and a traumatic family courts experience because her ex used those. I am pleased to report that that time has long since gone. She has remarried and brought up her children, and her eldest daughter, who witnessed much of the damage, hopes to become a police officer very soon.

3.10 pm

Baroness Newlove (Con): My Lords, having heard the previous three speakers, I am quite emotional as I am very passionate about victims. As someone who is also a victim, I become irate when I listen to these speeches, as we are not discussing politics or legislation but human lives.

First, I congratulate my noble friend Lady Manzoor on initiating this very important topic. Sadly, as we debate this very important subject in your Lordships' House today, the statistics state that 2 million women, men and children suffer the violent and needless harm of domestic abuse—2 million people who should never ever suffer such horrendous acts of violence in their own home, in their loving relationships and more importantly from another human being.

Women especially have suffered in silence for many years. After all, marriage was seen as marital sanctity, creating an attitude in society of putting up and shutting up. Many generations stood by and watched their friends' and families' relationships breaking down, watching—or shall I say choosing to ignore?—their loved ones' downward spiral of self-worth. The controlling and violent acts and, even more dangerously, coercive methods created such fragility within relationships. Is it any wonder that even today in the 21st century we constantly hear and read about mostly women—but I have to say also men—who feel so alone and desperate, losing their lives to violent crimes? The latest figures

show that the proportion of women aged 16 to 59 who have experienced domestic abuse in the past year is at its lowest since 2004. However, I see and hear stories of victims of domestic abuse who frequently tell me they would not report to the police as they know that they will not be believed. Often, they are very right.

I have even met male victims of domestic abuse. This is very interesting as we mostly visualise weak men struggling with this type of crime. However, the victims to whom I spoke were ex-SAS and military men, so they were not meek and mild. However, when they wanted to take their own lives, as they could not deal with the hurt to their male pride, they reported the crime and sought help and support. They told me that a policeman had said, “If you give her a belt, you can claim self-defence”. What are we coming to when a victim of crime goes to an agency for support, only to be given such horrendous advice by a police officer? That is totally immoral and disgraceful. How does that help the children of families who witness such abusive relationships—which in turn can lead to their relationships being as abusive, and to some entering into the criminal justice system—at such an early age? In west Kent, the number of children who witness such violence is two for every offence. That number is worryingly high.

In my role as Victims’ Commissioner it saddens as well as angers me to listen to accounts of the acts of violence which these women and men suffer from the very person who they thought loved them. How calculating and brutal it is to turn such loving emotions into such cruel acts of violence against the very person they say they love, leading to the victims of such abuse wanting to take their lives as they are lost and lonely and think that this is the only solution to gain some peace and respect. There is not one character to this abuse; it presents itself with several heads. Surely, society needs to change mindsets, and to listen and truly understand that it is not as simple as just saying, “Well, leave him if he’s that bad”, or, “It can’t be that bad as you’ve gone back to the home”.

I have a saying that if we presented ourselves with a broken arm or leg, people would show empathy. However, if we do not have such an injury, and we smile, the presumption will be that we are healed and not shattered. Sadly, that is not true, as a smile hides many broken memories and emotions. However, it is strange that when there is violence within a relationship, our mindset leads us to look at these injuries on a different level. We start off with tea and sympathy, which has its place, but it is even more imperative to understand the dynamics of the many facets of domestic abuse. If it was so simple to resolve and we could simply up sticks and walk away, we would not be having this debate in your Lordships’ House and the Government would not have to legislate to recognise the harm of domestic abuse as a criminal act.

As I travel round the UK and Wales, sadly, time and time again victims tell me that the police do nothing. They are not interested and do not see a pattern of incidents as domestic abuse at all. They feel that the victims are just moaning and want them to go away. Not only are too many investigations being poorly run but, too often, we see further trauma to the victim and their children when family matters become

a civil matter. I therefore welcomed the announcement by the previous Justice Secretary, Liz Truss, on setting up an emergency review to ban perpetrators of domestic abuse from directly cross-examining their victims within the family court system. The Government must ensure that this is followed through so that the family courts are a safe space for the victims to speak freely and openly without further trauma and upset, thus ensuring that the correct protection and supervision orders are put in place. Judges have to be stronger for the victims.

As I previously stated in the debate on the most gracious Speech, I truly welcome the Government’s introduction of the new domestic abuse Bill, as well as the support and input that has been provided by Women’s Aid and many other third sector groups. I place on record and commend the work of Polly Neate, the chief executive of Women’s Aid, who, sadly, is leaving this post and going to work for Shelter. Polly has worked tirelessly to ensure that government is listening and puts protections in place to support victims of domestic abuse. I wish her well in her new role and know that she will be sadly missed.

It is therefore essential that the Government ensure that there is a complete overhaul to address the culture of domestic abuse. I know for sure that there is a shortage of independent domestic violence advisers. These are essential to build a relationship with domestic abuse victims. We must ensure that there is no postcode lottery. How can we ensure that victims give evidence in court when their adviser is not allowed in the witness box with them? How can we ensure that we will introduce a world-class domestic abuse Bill when the courts do not recognise independent domestic violence advisers? Surely, that cannot be right.

Although there are domestic homicide reviews, “lessons learned” are the two most insulting words for a victim’s family to hear. I am tired of listening to TV, newspaper and other reports in that regard. Lessons learned are on the basis of people losing their lives and families being hurt for the rest of their lives. I would like domestic homicide reviews to come back in six months and see whether there have been changes. There has to be accountability and responsibility. Lives are not worthless; they are important.

I also ask my noble friend to ensure that we have enough resources to put these advisers in place. My advisers call them a SPOC, but I think that that is too Star Trekky. I think they should be known as victims’ advisers and support victims from the beginning of their journey to the very end, irrespective of whether they enter the criminal justice system. They need somebody to whom they can relate and who speaks their language. They need somebody within our criminal justice system who speaks for them because, at the moment, there is nobody there.

Governments past and present have built an expectation that victims of domestic abuse will be better supported, and therefore they must not let them down. That is why I welcome the fact that the Government have put in place an increase in funding. The £15 million violence against women and girls service transformation fund is intended to encourage joint working and a more integrated response. However, I say to my noble friend

[BARONESS NEWLOVE]

the Minister that on my journeys up and down the country I have been made aware that people are still waiting to hear the outcome of their bids, as, sadly, the process was halted due to the general election. Can the Minister shed any light on how those bids are progressing? The money is needed to advise and support victims. The fund will enable and encourage joint working and look at measuring success, as well as creating an honest landscape instead of everyone claiming success for the same initiative, which creates double-counting results.

I also welcome the introduction of a domestic abuse commissioner. I look forward to further discussions about the creation of this statutory role, whose focus will be on ensuring that victims of domestic abuse are provided with the quality support they require, as well as on driving up standards and enabling people to share what works.

Legislation is very important but there is no point in creating anything if nobody on the agency front takes note of what they are supposed to do. Time and again, my reviews have shown that agencies think they are doing the right thing by victims but there is a huge gap and, sadly, there is no accountability or responsibility. As I said in the debate on the humble Address, I think that the time has come for a victims' law, because we need to be able to address the suffering of these people and their families. They need someone to be accountable instead of having to go through barriers. It is all very well for us to stand up in your Lordships' House and say that that is not happening, but it is not right—these are human beings. Legislation has a place but, as I keep saying, these people should be treated with dignity and respect, because they are living with the abuse 24 hours a day. It is very sad to hear that the measures we put in place are not being heeded. We need quality, professional workers who know what a victim's journey is about. Until that happens, we will stand here again and again attempting to protect these victims, because their voices and their names matter.

3.22 pm

Viscount Goschen (Con): My Lords, I too thank my noble friend Lady Manzoor for giving the House the opportunity to discuss this important and difficult subject this afternoon. I would like to make a short intervention in the debate to make only five points.

The first is to welcome the fact that this important issue receives a very much higher profile now than has historically been the case. The work of campaigners both inside and outside Parliament—I very much include those who have spoken in this debate, particularly my noble friend Lady Newlove, who made a very moving contribution just a moment ago—has brought this widespread and horrific crime to greater public prominence. I pay tribute to all those in the police, the health and social services, and the voluntary sector who have done, and continue to do, so much to ensure that the protection and support available is immeasurably better now than was the case only a few years ago. That is not in any way to diminish the very powerful representations that have been made for yet better services and greater co-ordination between agencies in the protection of victims.

I would like to refer to the Rob and Helen story that occurred in "The Archers". It probably brought this issue to greater public prominence than any other single initiative in the UK for very many years, if not ever. I understand that more than 1 million additional listeners tuned in to hear the final throes of this moving and deeply disturbing story. It perhaps humanised the issue and brought home the realities of coercive control, to which a number of noble Lords have referred. Perhaps the BBC, which comes in for a lot of stick, should be commended for taking this brave initiative, which has done so much good.

It is important to seek to quantify the scale of the issue. As we have heard, the official statistics tell only part of the story. According to the ones that I saw for 2013-14, 887,000 incidents of domestic violence were recorded by the police. Those figure are now a couple of years out of date but they give a good indication of the situation. The true level is very difficult to measure, for all the reasons of non-reporting that are easy to understand, but the true scale is in the order of 2 million incidents, which is a huge number if one considers the adult population of the UK. There are thought to be currently 100,000 individuals in the country at high or imminent risk of serious abuse. I was also very interested to hear the words of my noble friend Lady Manzoor, who referred to the plight of older victims. I agree that they do not receive the degree of prominence that they should, and I am sure that it is an uncovered area of significant concern.

Secondly, I draw the House's attention to the report entitled *Getting it Right First Time*, produced by the charity SafeLives in 2015. This is an excellent and well-thought-out piece of work, drawing some very pragmatic conclusions about areas where the support provided by different agencies could be enhanced. This charity was originally set up in 2005 as Co-ordinated Action Against Domestic Abuse—CAADA. It advocates the use of a risk-based approach, prioritising those at greatest risk of harm, and it takes a modern, facts-based research approach towards this issue.

We know that early intervention is one of the keys. Finding families under threat earlier will save lives—that is, in my submission, unarguable. It has been estimated that 85% of victims sought help from professionals, including from the medical profession, some five times on average in the year before they received effective help to stop the abuse. That represents five opportunities for disclosure of the issue, which, had they been taken, could have brought the situation to a stop a great deal earlier. Therefore, the argument for early intervention is very clear. Research also indicates that high-risk victims live with the situation for an average of between two and a half and three years before they receive successful help. During that time, the level of abuse almost invariably escalates, and the effect on children within the family over that average period can be very severe. On a more pragmatic note, late intervention is also very expensive, being estimated to cost more than £18,000 per instance. That is another powerful argument for more effort to be focused on earlier intervention.

Proactive identification and co-ordination are clearly also important. It is very clear that the strenuous efforts of the various agencies involved and recent

positive initiatives have achieved a great deal, but there is a great deal more that can be done to ensure sufficient co-ordination between them. Greater co-ordination, proactively focused on early identification—and, in particular, on linkage between children's and adult services—would be of great benefit. Although a great deal of work has been done to facilitate earlier identification, undoubtedly more could be done. Giving greater confidence to families that reporting will also result in effective action is also a priority, and, we hope, will promote the ability of people, as well as families and relatives, to reach out for help earlier and report incidents to the authorities.

Like other noble Lords across the House who have spoken, I welcome the draft domestic violence Bill, and in particular the focus on creating a robust and well-defined legal framework, which I understand will include for the first time a legal definition of the offence or offences and will consolidate the relevant legislation. That is a very positive development.

From my understanding the Bill has been well received, and its announcement has prompted many suggestions and recommendations from experts in this field. I was particularly struck by one line of argument that stressed the need to put the emphasis on the perpetrator rather than on the victim, utilising the risk-based approach that I referred to earlier in my remarks. I trust that this will be reflected in the Government's consideration of the issue and in our deliberations when the Bill eventually comes before this House.

This is an extremely challenging, complex and multifaceted issue. We are all very grateful to my noble friend Lady Manzoor for having secured parliamentary time to air this important issue.

3.30 pm

Baroness Hamwee (LD): My Lords, the importance of addressing domestic abuse is moving up the agenda, which is to the good. As the noble Baroness made quite clear, it is a people's issue and not just a women's issue, so I congratulate the one man in our debate—he contributed very effectively.

We are all aware of the significance of public awareness, in general and on the part of those affected—a point made by the noble Viscount—and those who abuse. None of today's speakers come new to this subject, but we will all have been shocked by what we have heard and been reminded of, not least by the noble Baroness, Lady Newlove. I suspect we all have experience of discussing this with other people and seeing disbelief or dawning belief on their faces. That is particularly so in the case of coercive control, now recognised in law and by more, but not all, of the public.

I want to think aloud about two prominent points in the Government's proposals. The first is the creation of a new offence. I am not arguing against consolidating what we have, but when legislation is proposed I always wonder whether it is because the Government do not quite know what to do, or know but want to avoid the issue of resources, or want to transfer responsibility to local government or the third sector, usually without resources. My concern is that violence and abuse are crimes now. We must all have argued against the characterisation of "just a domestic", and I do not want us to do anything that diminishes the

seriousness of the criminality. I might be more comfortable if we built on current offences but with recognised aggravating factors that can affect sentencing.

On that point, has the Sentencing Council been part of discussions about the proposed legislation? Indeed, what consultation has there been generally and what responses have the Government received? We all know that although legislation is important, and can indeed sometimes lead the way, it is attitude and culture that really matter. I have to acknowledge that a number of noble Lords made very powerful cases for changes in the law, but I do not think that that is inconsistent with the point I am making.

My second thought is on the creation of a commissioner—we used to have tsars, but I much prefer the term "commissioner". I query whether the position is appropriate here, but that is not to question the energy or ability of those who fill various commissioner roles at present. Will the Government be transferring to the commissioner what should be their role and responsibilities?

Noble Lords have rightly emphasised the horrifying statistics. There is one trend I would like to mention: the prevalence of domestic violence in teenage relationships. To me, that says a lot about gender stereotyping and the importance of very wide PHSE. Perhaps domestic violence is one aspect of a set of wider issues.

On the point of connections, I want to mention a project run by Safer London—here I declare an interest as a member of the board. The project stems from its gang exit work, which includes relocating young people and their families when they are determined to get out of gang membership and activity. Safer London's pan-London housing reciprocal agreement serves London boroughs and registered housing providers with reciprocal offers of housing to enable women and their families, who for their own safety need to get away from their home area, to move within London. It is very small-scale, but it is important.

Mentioning resources, in his contribution to the Queen's Speech debate my noble friend Lord Paddick referred to local authorities outsourcing the provision of refuges, with contracts whose requirements are narrow so that the provision is the bare minimum of a roof—the physical provision—but not the very necessary support. We cannot avoid the issue of local authority funding.

The issues that any Government must address rarely exist in a vacuum but are related to other concerns. I want to draw attention to the circumstances faced by women whose experience of abuse leads, directly or indirectly, to them committing offences, usually minor. The Prison Reform Trust is undertaking a programme aimed at reducing women's imprisonment. It seems from that work that the criminal justice agencies need better to understand the dynamics of domestic abuse, the behaviour of perpetrators and the effect on victims and survivors.

The Minister will not be surprised to hear me talk about training in this context, as the noble Baroness, Lady Royall, mentioned, and the need for joint working by and with specialist services. Again, it comes down to money, but also attitudes. I do not know whether

[BARONESS HAMWEE]

the noble Baroness heard it, but this morning on the radio reference was made to police training comprising 25 minutes of a desktop module at the discretion of the police chief. I cannot comment on whether that was complete or accurate, but that was what was being discussed. It seems that this is affected by the turnover of police staff and officers.

Given that each speaker has the luxury of making a long speech, I will read part of the work done by the Prison Reform Trust:

“HMIC found in 2014 that in 30% of cases of actual bodily harm which were identified as domestic abuse related, there were counter allegations with both parties claiming to be the victim, and stated: ‘Information on the previous history is vital if officers are to be able to identify who the victim is in instances of counter allegations’”.

The work goes on to refer to a recent focus group, at which women commented that if the police attended an incident of domestic violence, it was more likely that their partner—the primary aggressor—would be calm, while they the victim would be agitated and lashing out, and therefore more likely to be arrested. One victim said:

“When the police do arrest you after a domestic incident, maybe because you’re the one that’s suffering you tend to be the one that’s going to kick out at the police. And the chap, you know your abuser, tends to be ... dead calm ... You just think, ‘I’m trapped again, I’m trapped.’ And my arrests have been when I feel trapped and then it’s just like everything’s like a volcano because you think, I’m getting framed here by my abuser and nobody seems to understand”.

The briefing I have seen refers to the need for police discretion in these circumstances. It goes on:

“Prosecutors must make the same judgement when deciding whether it is in the public interest to pursue a prosecution. Similar expectations must be placed on offender managers, defence solicitors and barristers, to identify where a defendant has been a victim of abuse or coercion and to ensure this is taken into account in decisions throughout the criminal justice process. Sentencers also have a critical role to play in ensuring that appropriate account is taken of women’s experiences of abuse and coercion. The provision of high quality pre-sentence report is essential here”.

I saw the noble Lord, Lord Bates, in the Chamber a few minutes ago. This would have been familiar to him as it was an issue in the Modern Slavery Bill and was taken into account in that Act.

This leads me inexorably to the importance of strategy and its implementation for women in the criminal justice system. The Corston model, as it has become known after the noble Baroness, of women centres is more effective than prison and much less expensive.

On joint working, can the Minister confirm that the Home Office is working with colleagues in the MoJ, the Department of Health and DCLG to deliver the long-promised strategy on women offenders that will improve the response of criminal justice agencies to victims and survivors of domestic abuse, including through ongoing training and sustained investment in the national network of women-specific services in the community?

Like other noble Lords, I have had connections with these issues for some time. This valuable debate has given us an opportunity to think afresh and to hear new points. However, I fear that this will not be last time we will need to debate these issues.

3.42 pm

Baroness Gale (Lab): My Lords, I thank the noble Baroness, Lady Manzoor, for bringing this important debate before us today. It is the latest in a list of debates that we have had on this topic over many years. However, it is an important debate and hopefully we can highlight and deal with some interesting matters.

The noble Baroness, Lady Manzoor, referred to zero tolerance. There is more than one form of domestic abuse. Although many people still think there is only one form—a man hitting a woman—we know that there are many forms of domestic violence, which can be psychological, physical, emotional, financial or sexual. It is a largely hidden crime but it can take over every aspect of a victim’s life.

I know these figures have been given by nearly everyone who has spoken today, but on average two women are killed by their partner or ex-partner every week in England and Wales. That figure has remained about the same for many years. I hope that one day it will be reduced.

Domestic abuse-related crime makes up 10% of total crime and, on average, the police receive more than 100 calls relating to domestic abuse every hour. Domestic abuse exists as a form of violence against women and girls and results from the deeply ingrained inequality between men and women in society. Domestic violence discriminates between genders—it is a gendered crime. The Crown Prosecution Service reported 100,930 prosecutions for domestic abuse in 2015-16. Where gender was recorded, 92.1% of defendants were male and 7.9% were female.

This debate is even more relevant given the report released yesterday by the Inspectorate of Constabulary and the Crown Prosecution Service Inspectorate. It highlighted how the police and prosecutors are letting down victims of harassment of stalking. My noble friend Lady Royal and the noble Baroness, Lady Brinton, eloquently spelled out exactly what the report indicated. Hopefully it will be looked at carefully. I pay tribute to both noble Baronesses for the great work they have done in this field in highlighting the issue and for bringing to the House horrendous statistics and stories about how the police are reacting. Listening to those stories was horrifying for me—and, I am sure, for all noble Lords.

The report shows a lack of understanding of stalking and domestic violence and reinforces the need for specialist understanding, training and services to properly deal with these crimes and, more importantly, to help and protect victims. The report showed that, in 95% of the case files reviewed, care for the victim was deemed inadequate. These crimes are often missed or misunderstood by the police and the CPS. The crime survey for England and Wales 2016 indicated that one in five women and one in 10 men aged 16 to 59 had experienced stalking behaviour since the age of 16.

The Government’s commitment to tackling domestic violence is welcome and their domestic violence and abuse Bill, promised in the Queen’s Speech, is a real opportunity for us to change the way we identify and respond to domestic violence. I hope that it is not just a consolidation of our current legislation. We welcome the Bill, but it must go further than the justice system.

Victims of domestic abuse need support in a multitude of ways. They need support with accessing mental health services, bank accounts, safe housing and welfare provision.

It was Labour that first proposed a violence against women and girls Bill in 2014 and the pledge appeared in our 2015 manifesto—as did proposals to appoint a commissioner and set minimum standards in tackling domestic and sexual violence and abuse. We welcome the commitment to a domestic violence and abuse commissioner. It is important that they are a representative of victims and survivors. Is the Minister aware that in Wales a national adviser has been appointed to advise Welsh Ministers to pursue the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015? Has the Minister had any discussions with Welsh Ministers to see how this is working and whether what the Government are proposing is something similar? A key element of the law should also be to monitor the statutory agencies and hold them to account. Will the Minister confirm that this will be a key part of the role, particularly in light of the report from the Inspectorate of Constabulary and the Crown Prosecution Service Inspectorate?

Legislation is one step, but in addition we must ensure that resources are available to put in place a complex web of specialist services needed to ensure that victims of domestic violence get the support they need. It is the Government's cuts to domestic violence services and the punitive welfare reforms that have been having a devastating impact on the support available to women when they are at their most vulnerable. The coalition Government of 2010 to 2015 made changes to legal aid for domestic violence that have left 40% of victims unable to provide the evidence required to receive support. I welcome the fact that the Government have begun a review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012. Will the Minister confirm that the review will include a targeted review of access to justice for domestic violence victims? Will she update the House on the changes promised in February this year that additional types of evidence would be accepted and that time restrictions would be scrapped? Have these changes been implemented?

In recent years local authority spending reductions and local commissioning practices have seen 17% of specialist refuges in England closed. The funding for domestic violence services is particularly fragmented and the amount of local authority funding differs from service to service. Women's Aid has found that 10.2% of services responding to its survey received no funding at all from local authorities in 2015-16 and that one in four referrals to refuge services in the same period was declined due to a lack of capacity. This figure does not even take into account how many more referrals were not made because the refuge was already known to be full. What is more, local authority commissioning criteria often value cost over quality, leading to larger generic service providers being able to undercut specialist services, despite their inability to demonstrate that they have specialist support available.

A woman's refuge is not just a place to lay your head at night. They not only provide a place of physical safety but help women to access health, counselling services, housing, benefits and legal advice. They are

trusted organisations with a track record of delivery that generate high levels of self-referrals. Specialist services, particularly those serving the BME communities, are unique. Their local proximity is part of what gives them such value. By relying solely on local authorities to commission refuge services, the Government are failing to maintain a strategic approach to the delivery of domestic violence services across the country. Will the Minister tell the House what the Government are doing to monitor specialist domestic violence refuges and service providers that have closed, and how they can assure that every woman has access to the support they need?

Government cuts are hitting not just in one place. Everywhere we turn we see the withdrawal and rolling back of services that were put in place under a Labour Government to protect victims of domestic abuse. If we take magistrates' courts, for example, domestic violence cases used to be heard in magistrates' courts on one specific day, with an independent domestic violence adviser available to support victims and an appropriate, trained magistrate present. Because of government cuts, these cases are now heard whenever they can be fitted in, and the specialist advice and understanding are lost.

The Government's new funding proposals for supported housing are also a real threat to refuges. Housing benefit currently covers about 89% of weekly housing costs. Women's Aid says that the local housing allowance cap to housing benefit would force 67% of refuges to close. Refuges are a national network of specialist services and the challenge they face is, again, unique. The Government need to deliver a separate solution for refuges and they must engage domestic abuse experts and organisations in the design of this solution. If they do not, they will deny victims the support they need and will leave women and children with nowhere to go.

Much has been said on the level and scope of domestic violence and abuse. We need to come up with a very good programme of prevention. That is something we would all want to see. I know that much has been tried, but I hope that other programmes of mutual respect can be carried out, especially with young children and continuing throughout life. I know that many organisations do valuable work in this field, but we will need constant vigilance to get to a world where women and girls do not have to deal with this form of violence and abuse.

The Conservative manifesto for the 2017 election committed to,

“support victims of domestic violence to leave abusive partners, reviewing the funding for refuges”.

Can the Minister therefore give a commitment to sustainable and long-term funding for these vital services to ensure that women and children fleeing violence can access the support that they desperately need? Can she confirm that the Government's manifesto commitment means that they will ensure access to specialist and gender-sensitive support for survivors and not just to general victims' services?

I have not yet mentioned the Istanbul convention. I have a Question on that coming up one day next week, so have not brought it into the full discussion today. I know that it is of interest and that some noble Baronesses

[BARONESS GALE]

mentioned it today. Can the Minister say—if not today then perhaps next week—when ratification will take place? I think we all look forward to the day when that happens.

3.55 pm

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, I thank my noble friend Lady Manzoor for tabling today's debate. Its timing sits well with the lead-up to the domestic abuse Bill. I also commend my noble friend Lord Goschen for being the only man to have spoken in this debate. We have heard some very good contributions from all sides of the House, bringing different aspects to the subject. I pay tribute to those who have campaigned tirelessly on this issue over the years.

As we have heard today, domestic abuse covers a range of harmful and deeply unacceptable behaviours which can devastate the lives of victims, survivors and those closest to them. Victims deserve our best support and they deserve justice. This Government are committed to doing everything they can to transform our approach to domestic abuse to ensure that victims have the confidence to come forward and report their experiences, safe in the knowledge not only that they will be supported but that their abuser will be pursued.

Last year, we launched the violence against women and girls strategy, setting out our ambition that no victim of abuse is turned away from the support they need—that echoes the final words of the noble Baroness, Lady Gale. It signalled a move towards early intervention, a drive to stem offending and, as is all too often the case, reoffending by perpetrators.

The strategy is supported by a new *National Statement of Expectations*, which is a clear blueprint for good local commissioning and service provision. It is backed up by new tools and guidance to help raise all areas of the country up to the level of the best.

As has been said, it is important to be clear that men and women can experience domestic abuse and that all victims must be supported, but it is also important to recognise the gendered nature of domestic abuse, which is why the Government have a violence against women and girls strategy.

Data show that women are much more likely than men to be the victims of high-risk or severe domestic abuse. This is clearly demonstrated by a greater number of cases going to multiagency risk assessment conference, or MARAC, and accessing an independent domestic violence adviser service—as referred to by many noble Lords. Those deal with the most severe cases of domestic abuse. More than 95% of victims are female and 4% are male.

The noble Baroness, Lady Royall, talked about the funding mechanism for IDVAs versus the lack of funding for ISACs. We have moved from national matched funding of individual roles such as IDVAs to supporting integrated programmes through the VAWG Service Transformation Fund. The £17 million from that fund announced yesterday—to answer the question asked by my noble friend Lady Newlove—will help 41 local areas to improve support to victims, and 10 of those bids include support for victims of stalking.

The Government have also funded via the tampon tax fund other programmes to support victims of stalking. Those include the Suzy Lamplugh Trust and Black Country Women's Aid. The Suzy Lamplugh Trust has received £200,000 to enable it to reach an additional 290 women and improve front-line professionals' first response to stalking.

My noble friend Lady Newlove asked about the role of IDVAs in the courts, and I think the noble Baroness, Lady Gale, talked about the courts seeing cases on the same day and worried about the more scattered nature of those cases being heard now. I acknowledge the role of the IDVAs in supporting victims; in the magistrates' court, domestic abuse cases are often listed together to enable the IDVAs to be able to support victims during the court hearings, which makes absolute sense. The listing of cases is the responsibility of the judiciary, although I note the noble Baroness's point.

A lot of questions were asked about funding. To support the Government's commitment to tackling these crimes, the strategy was accompanied by increased funding of £80 million until 2020. A question was asked about sustainable funding going forward. Clearly we cannot make funding commitments beyond the spending review, but to further support our efforts to tackle domestic abuse, we pledged a further £20 million in the spring budget, bringing the total dedicated funding to £100 million. This will help to deliver our goal to ensure a secure future for vital services like refuges and rape support centres while driving a major change so that victims get the help they need, when they need it.

In the last year we have provided £3 million for the Disrespect NoBody teenage relationship abuse campaign. It is a very important campaign indeed, which is designed to raise awareness of different types of abusive behaviour and recognise them while girls—and boys—are younger.

Beyond the £80 million, tackling these crimes will benefit from a range of government sources. Funding through the tampon tax, again, for example, has supported innovative programmes like the joint Women's Aid and Safelives' Sooner the Better early intervention project, and Standing Together Against Domestic Violence, which supports women with complex needs.

My noble friend Lady Newlove asked specifically about the VAWG Service Transformation Fund. I have just gone through that, but it is excellent that these projects will make sure that the victims get the right support at the right time and prevent these terrible crimes.

We know that abused women use healthcare services more than non-abused women and are more likely to trust health professionals when disclosing abuse. That is why we are funding a number of health-based projects, including the health-led ASSIST program in Birmingham, which will provide specialist support to victims of domestic abuse who also have complex additional problems—which is not unusual—such as drug, alcohol or mental health issues, which mainstream services are often unable to address, and will focus specifically on supporting women who are at risk of having their children taken away.

We are also funding proposals that will work with schools and young people to help build resilience and develop positive and healthy behaviours to prevent abuse before it happens. For example, we are funding a family intervention project with Portsmouth to upskill children's social workers to identify harmful behaviours early, as well as to support children who have witnessed domestic abuse. We are also providing funding to 17 programmes, which include working with perpetrators to change their behaviour. Perpetrators have been mentioned a lot. This includes working with teenage boys to provide targeted interventions at an early stage to prevent worrying behaviours escalating later into abuse.

To support victims who need a crisis response, we recently announced that the current round of the £20 million domestic abuse accommodation fund will support 76 projects, creating 2,200 new bed spaces in refuges and other specialist accommodation. This will provide more than 19,000 victims with somewhere safe to live and rebuild their lives, and will offer further access to education, employment and life skills training. I am incredibly pleased to announce that we have committed to legislate to deliver the Government's manifesto commitment to ensure that the victims of domestic abuse who have lifetime tenancies and flee violence are able automatically to secure a new lifetime tenancy. This is something we also touched on in the then housing Bill, which is why I am doubly pleased about it. We will take this forward at the earliest possible opportunity.

However, we all know that funding alone will not solve this problem. The Government are committed to ensuring that front-line agencies have the tools they need to provide effective protection to vulnerable victims. We have introduced a specific offence of domestic abuse which outlaws patterns of controlling and coercive behaviour to recognise the fact that domestic abuse reaches far wider than physical abuse alone. We rolled out the domestic abuse disclosure scheme, known as Clare's law, so that the police may disclose information about previous violent offences committed by a current or former partner. The police are no longer left guessing whether people might be at risk.

The noble Baroness, Lady Royall, asked about listing on the ViSOR scheme. From memory, I know that if someone is both violent and a sex offender, they will be on that register. Clearly there are differences in the types of cases, but I know exactly the point that she is driving at. I will look into it and come back to her, but my current understanding is that the register is for violent sex offenders. We will talk about that some more. We have also brought in domestic violence protection orders, which can prevent the perpetrator from returning to a residence and from having contact with the victim for up to 28 days, giving the victim a vital breathing space. We have extended the troubled families programme to 2020 to work with an additional 400,000 families, including those affected by domestic abuse. It was obvious that it was quite prevalent in some of these difficult family situations. We have worked with the police to improve training and guidance, and I will say more on police training and so on shortly.

On the subject of stalking, I pay tribute to the noble Baroness, Lady Royall, for her work with Paladin. As noble Lords have mentioned, a report by the Inspector of Constabulary and the Crown Prosecution Service Inspectorate on the response to stalking and harassment which was published yesterday has found that the police and the CPS response is just not good enough. These are quite devastating crimes which cause great distress to victims. Noble Lords have described some of that distress and it is absolutely unacceptable that these victims are being left to live in fear. We have strengthened the law in this area and are taking steps to include a new civil stalking protection order to protect victims at the earliest possible stage, but clearly there is more to do. The Home Secretary will be speaking to national police leads about what action needs to be taken. To that end, the noble Baronesses, Lady Royall and Lady Brinton, both gave us several examples of where the systems can dreadfully fail women, so action needs to be taken.

The noble Baroness, Lady Royall, also asked whether HMRC and the CPSI stalking harassment report shows that the police and the CPS are failing to tackle these crimes effectively and failing victims. We know that these crimes are devastating, and that is why back in 2012 we strengthened the law to create specific stalking offences and to raise the maximum sentence for stalking and harassment to 10 years—thanks to the noble Baroness—through the Police and Crime Act 2017. To make sure that victims get the support they need, the Home Office has provided £50,000 a year to support the national stalking helpline.

The noble Baronesses, Lady Royall and Lady Hamwee, talked about the specific issue of training. I am quite horrified to hear the story of spending 25 minutes in front of a desktop computer being considered to be sufficient training for anyone, let alone the police. Since 2012, the College of Policing's training package on investigating stalking effectively has been completed by more than 68,000 police officers. I hope that was not 25 minutes on a desktop. Again, I hope the e-learning module on stalking is not of just 25 minutes—

Baroness Brinton: It is.

Baroness Williams of Trafford: It does not say that in my notes. If that is the case, I will go back to the department for more detail on that. When the noble Baronesses were getting agitated, I thought I might be hitting on exactly the thing they had criticised. The Home Secretary will be meeting the national police lead, Garry Shewan, who used to work for Greater Manchester Police. I will make sure that this issue gets to the Home Secretary's desk and, I hope, to his.

I have a note on the register for perpetrators of stalking. They will already be captured on the PNC. We need to make better use of existing databases and improve connectivity and information-sharing, rather than create new databases. The noble Baroness does not agree with me so I think we will have further discussions on that as well.

On sentencing, in response to the question from the noble Baroness, Lady Manzoor, we should be clear that release under licensing does not mean that prisoners are let off lightly. All prisoners are released on licence and if they breach their licence conditions they may be

[BARONESS WILLIAMS OF TRAFFORD]

returned to custody. The period served on licence is an integral part of the sentence and necessary for the purposes of safely reintegrating prisoners back into the community in a controlled and supervised way, reducing the risk of further offending. Requiring a proportion of the overall sentence to be served in custody followed by a period on licence in the community is not new, since the legislation was introduced in 1967. Successive Governments have maintained this approach.

We are seeing some progress in the reporting of these often hidden crimes. That is on the rise and prosecutions and convictions are at record levels. However, there are still 2 million victims of domestic abuse every year in England and Wales. That is 2 million too many living in fear, and too many families and children devastated by this awful crime.

I quickly move to the measures in the domestic abuse Bill, which I think noble Lords will agree is a landmark Bill. I am also aware that I am at 17 minutes and not even half way through my notes so I will have to get some letter-writing done. In response to the question of the noble Baroness, Lady Manzoor, I confirm that there will be a legal definition of domestic abuse. What will be in that definition? The noble Baroness, Lady Brinton, referred to that. We are consulting widely on the Bill, including opportunities for noble Lords and others, so that the legal definition will not only be supported but is robust and has the correct teeth that it needs.

The recognised harm caused to a child is a really important area. The children of victims of domestic abuse not only witness that abuse but can be damaged by it for the rest of their lives. If abusive behaviour involves a child, we will make sure that the court can hand down a sentence that reflects the devastating, lifelong impact that the abuse will have on that child.

We will establish a domestic abuse commissioner to stand up for victims and survivors, to raise public awareness and to hold those agencies to account. I assure both my noble friend Lady Manzoor and the noble Baroness, Lady Hamwee, that we will be consulting widely on the scope of the role and the powers available to the commissioner.

It will be music to the ears of the noble Baroness, Lady Gale, that we intend to demonstrate our commitment to the Istanbul Convention by including in the Bill the changes needed to enable us to ratify it. The noble Baroness, Lady Brinton, asked whether disabled women were included in the convention. The convention consists of 81 articles related to tackling VAWG—violence against women and girls—including articles to ensure appropriate support for victims, including those with complex needs, and it recognises the need to support all victims, including those with disabilities. This is reflected in the *Violence against Women and Girls—National Statement of Expectations*, published last year, which set out a blueprint for local areas.

Some very good points were made about older people. If we think domestic abuse is a hidden harm, it is most certainly hidden in our population of older people, some of whom may not even know that they are suffering domestic violence.

I apologise; I have got only half way through my notes and my 20 minutes are up. I will write to noble Lords. I have probably missed out aspects of what they asked. Again, I thank noble Lords for taking part in a debate where I think we are all coming from the same place and want the same ends. I thank my noble friend for bringing this debate to the House.

4.16 pm

Baroness Manzoor: My Lords, I thank all noble Lords who have participated in this very important debate for their individual, invaluable and thought-provoking contributions. All noble Lords made very moving contributions—particularly, for me, the noble Baronesses, Lady Royall, Lady Brinton and Lady Newlove—reflecting the importance of what it means for the victims and the society that we live in.

I thank the Minister for taking the trouble to have a meeting with me to discuss modern slavery and domestic violence, and for her response today, which was, as always, sympathetic and informative. I know that she will have listened very carefully to your Lordships and I hope that in her usual accommodating style she will consider how the issues raised today might be captured in the domestic violence and abuse Bill which, as we have heard, will come before your Lordships' House in the near future.

Across the House we all want the same thing: domestic violence and abuse must end. It should have no place in our homes, communities or society. We need to do everything in our power to eradicate it. As we heard, legislation is a key component but it is not the only one. There are other things that we need to do. Again, I thank noble Lords for taking part. I beg to move.

Motion agreed.

Financial Inclusion: New Technology

Question for Short Debate

4.18 pm

Asked by Lord Holmes of Richmond

To ask Her Majesty's Government what steps they are taking to promote financial inclusion through the use of innovative financial solutions and new technology, including open access to payment infrastructure, smart phone applications and distributed ledger technology.

Lord Holmes of Richmond (Con): My Lords, it is a pleasure and a privilege to have secured this short debate on financial inclusion and the role that fintech can play in delivering that for citizens right across our communities. I welcome my noble friend Lord Bates to the Front Bench. We have, as we heard even this morning, a productivity crisis in our nation. With my noble friend covering not only DfID but Treasury matters in this House, it is fair to say that he is doing more than his bit to address this issue.

I was lucky enough to be a member of the Select Committee on Financial Exclusion. Our report had 22 recommendations. I ask the Minister to give us a hint of when the Government will respond to those incredibly important recommendations. On one of

them we do not have to wait any longer for a government response because I am delighted that we already have our first Minister for Financial Inclusion in the form of Mr Guy Opperman, who stood at the Bar for pretty much the whole Second Reading of the Financial Guidance and Claims Bill yesterday evening. This is a tremendously positive step for the Government to take, and it will be critical that the Minister has cross-governmental reach as the issues around financial inclusion—or exclusion, depending on which perspective you take—are certainly not limited to one particular government department.

I am delighted to be co-chair of the All-Party Parliamentary Group on FinTech. I believe the Financial Guidance and Claims Bill currently going through your Lordships' House will have a number of opportunities to raise issues around financial inclusion, some of which may also be raised today.

Why am I interested in fintech? I am interested because it is innovative and disruptive and has the potential to address some of the issues that have dogged our society for decades, not least the inability for SMEs to have consistent and timely lines of credit. Perhaps even more significant is the fact that so many hundreds of thousands, nay, millions, of our fellow citizens have been effectively locked out by being underbanked or unbanked. There has been no real sense that pressure has been put on, or desire felt by, the major financial institutions to lend to SMEs or address questions around the underbanked and unbanked of our society.

Why am I interested in inclusion? This goes right back to the beginning for me. It seems extraordinary that everybody would not be interested in how we enable and empower every single member of our society to play their part and to be fulfilled in whatever field they want. Financial inclusion is critical to this. When we set it alongside digital inclusion, we have two of the most significant building blocks that have to be so well set if we are going to address some of the most significant issues facing citizens in Britain right now.

If noble Lords need any more justification for that statement, they should just look at the close connection between financial exclusion and digital exclusion. It is not entirely like for like, but the connection is all too clear. If we are truly to build a nation which works for everybody, as good a starting point as any would be financial inclusion and digital inclusion.

What is financial exclusion? It is the inability of citizens to get their hands on mainstream financial products and services. What is fintech? It is the wave of technology linked to financial products which has the potential to transform and revolutionise how we do finance not only in this country but globally. The G20 recognises this and the connection between fintech and financial inclusion. Its 2016 report put together eight principles to suggest how fintech can play a positive role in the enablement of financial inclusion. Will the Minister tell the House the Government's view on those eight principles and where he believes the UK is in relation to them?

The role of regulators is critical in this space. From a fintech perspective, we have an excellent regulator in the FCA. Its role in driving competition has been critical in enabling fintech not just to boom in the UK

but to be a global leader. That is seen not least in the regulatory sandbox, which has delivered such great results for the founders, the companies involved and, through that, for the nation. In the light of this, does the Minister believe that it would make sense to increase the responsibilities of the FCA and enable it to have responsibility for financial inclusion?

It is also important to note the great work done on this by Innovate Finance, which connects everybody involved in fintech and has actually established a working group specifically on financial inclusion. This demonstrates just what a prescient issue it is. Indeed, if I return to the All-Party Parliamentary Group on FinTech, the most important principle that we set when we established the group was around financial inclusion. It is clear that the impact and the potential can be great, but if we do not get that regulatory framework in place, we will potentially not only let another generation of financially excluded people down but we will lose a massive opportunity in terms of economic growth and potential exports for this country.

Sir Mark Wolport did an excellent report on some of the technology that underpins fintech. Can I ask my noble friend the Minister for the Government's response to, and thoughts on, that report? It was particularly wise and thoughtful about the potential uses and impacts of distributed ledger technology and how that can be deployed.

Moving to the European perspective, the European Investment Bank has been an excellent funder of fintech, not least in the role that fintech has played in securing financial inclusion. This will obviously disappear on Brexit. Will the Government commit to at least equalling the support that the EIB has given for fintech once we leave the European Union?

Moving slightly beyond the scope of this debate, but worth mentioning, can I ask the Minister for his view on a duty of care on financial institutions? I have done a deal of consultation on this and it has been extraordinary how many times, when I have mentioned this, respondents have believed that financial institutions already have a duty of care towards their most vulnerable customers. Not a bit of it. So when the Financial Guidance and Claims Bill comes to Committee, I will be looking to bring an amendment to probe the Government on this point—I ask the Minister for his response.

Moving to some of the opportunities where fintech is already delivering in the area of financial inclusion, access to bank accounts is of course a critical point. If we look at the Lloyds data, if you bank online you are likely to save between £500 and £700 per year—not insubstantial—through the control that you are able to gain by having that online service, to set up text alerts, to be far more closely connected to your funds, to not end up, potentially, in those financial crises which can push people back into financial exclusion.

Identity is incredibly important; there is much work being done on online verification, not least by GOV.UK Verify. This is incredibly significant and can be so enabling for people who currently find themselves without a bank account. This is not hundreds of thousands of people but, in Britain today, 1.7 million people without a bank account.

[LORD HOLMES OF RICHMOND]

Looking at some of the services being offered by some of the fintechs, MiCard connects physical identity with digital identity. If we look at the Pockit example, it creates a clear online platform to get around some of the issues that have pushed people into an unbanked situation. Another is dopay, which is a system whereby employees can receive their pay directly from their employer even if they do not have a bank account. Such systems are innovative, insightful, enabling and including.

The question of physical location is incredibly significant when it comes to financial services. With the open banking initiative there is a real potential to look at how there can be an aggregation of fintech services put through a potential physical location. It drives down costs through that aggregation, yet still enables a potential physical location on the high street for people who want to engage with financial services in that manner.

Affordable credit is a critical issue and always has been. We have some particularly pernicious examples at the extreme end of so-called credit services in Britain today. Fintech enables a revolutionary approach to the assessment and consideration of credit, enabling people, responsibly, in a risk-based matter, to find themselves with lines of credit. This is a far more significant consideration of the elements that make up a credit score, rather than just the all-too traditional means of simply saying no.

Financial literacy is significant. Again, this goes to the Second Reading of the Bill yesterday, but a lot of what we need to address is around financial capability. Financial literacy is obviously critical to that, and fintech can play an important role by connecting with individuals, not least young people, in a very different, innovative and natural way.

Perhaps the most important part of society where fintech can play its part is around the delivery of benefits to recipients. We have seen a number of really interesting proofs of concept delivered via the DWP, not least through GovCoin and a similar project through RBS. What we see is the use of blockchain, distributed ledger technology, tied with a smartphone to enable recipients to have a far greater and more immediate connection to their finances—to feel enabled and empowered through this. It is innovative not just in terms of the tech but in terms of how this is then being delivered and in the proof of concept. Recipients find themselves enabled and far more connected, and within a short space of time they are actually coming up with suggestions and improvements for the programme—they are not just passive recipients but active, co-producing members of a proof of concept. Will the Minister consult with colleagues, not least in the DWP, to discover when we might see these proofs of concept taken to scale? They have incredible potential, but they need to be taken to scale, and we are not even at pilot stage yet. We have had some great proofs of concept, but we need this to get to scale and then we will truly see the impact and the difference that fintech can make in terms of financial inclusion.

From inclusion to my conclusion: I call on everybody involved in fintech to do all they can to consider how they, their tech and their businesses can interact,

collaborate and relate to make a positive impact to enable financial inclusion. Similarly, I call on the Government to do everything to support the fintech sector in this country. It is a great, booming and world-leading sector, not least in what it does for financial inclusion. Let us ensure that it continues to thrive, continues to deliver and continues to be a great British enabler and a great British export, through and long beyond Brexit.

4.33 pm

Baroness Stedman-Scott (Con): My Lords, I will speak very briefly about a different slant to the subject matter of the debate. My noble friend Lord Holmes referred to financial exclusion. I am not the sharpest knife in the box when it comes to tech, as was proven this week when I got a new telephone—I will not mention the number of hours of help I have needed to get it running. Our young people in this country are really great at getting to grips with new technology, and by giving them the skills and opportunities to do that, they become financially included in our society.

I watched 60 young people in a rural community, who were not very well grounded in life and were causing a lot of problems but who had great technology skills, help SMEs to develop and grow their businesses. The impact of that involvement meant that they were able to reduce the number of policemen in the rural community because these young people were so well integrated and included. Promoting financial inclusion and innovative new technology certainly has a social impact as well.

4.34 pm

Baroness Stowell of Beeston (Con): My Lords, I am also grateful for the indulgence of the House to allow me to speak briefly in the gap. I congratulate my noble friend Lord Holmes not just on securing the debate today but on the interest that he has taken in this topic.

I am an interloper today—I was in the Chamber and decided to stay to hear what my noble friend wanted to raise. I want to be a little more basic even than my noble friend Lady Stedman-Scott. I find all this really interesting; the scope and opportunity is clearly vast. The Minister may tell me, “If you had been here for this or that debate, you would have heard all this”, but, beyond the technicalities of inclusion, exclusion and fintech, are we yet introducing at school a more basic introduction to financial management? All this technology is fantastic, but there is a big gap in helping people understand basic financial management and good finances.

4.35 pm

Lord Kirkwood of Kirkhope (LD): My Lords, it is a pleasure to speak on behalf of the Liberal Democrat Benches as the spokesman for our party, and I am grateful to my colleagues for their support. I am pleased to take part and grateful to the two noble Baronesses who just spoke, who both made short but powerful points. The Minister should pay attention to them.

I am finding it difficult to keep up with the noble Lord, Lord Holmes of Richmond. Every time he raises a subject, I have to come to the Chamber,

because he raises such apposite and important points. I am overawed by his work rate. I think that his Whip should tell him to take the weekend off so we can get a little respite.

He made a powerful speech. He played a significant role on the ad hoc Committee on Financial Inclusion. I know that because I sat alongside him. I am delighted that he, who sits on the government side, has decided to take a continuing interest in fintech's potential, because I hope that that means that the constructive pressure we put on the Government will continue. It is good if we can count on his continued interest and leadership from the Conservative side, because everyone is aware of the potential.

Like the noble Lord, I have had my eyes opened to the extent of fintech—its £6 billion contribution to the economy, although that figure may now be out of date—and its 60,000 employees in the United Kingdom. It is a big player. For that reason alone, we need to pay attention to it.

We like the Minister less in his Treasury role than in his other role; we like him in both, but he has to work harder to get the same likeability. I hope that he understands that. In his 12 minutes answering all the other important questions—perhaps he cannot do it in 12 minutes—I would like an idea of the vision. I know that a lot of valuable and important work is going on. I am very impressed by the Government Digital Service: it is doing some invaluable and innovative things. As the noble Lord, Lord Holmes, said, we have a Minister whom we can look to, who was with us yesterday. That is all very positive.

However, I struggle to understand the strategy—I know that that is a pretty meaningless word, but what is the overarching vision over the next few years? Obviously, the Treasury has an important role, and we have BEIS, the DWP and the Cabinet Office. If I have a criticism, it is that, if the Government have a plan clearly set out to deal with fintech and all its different manifestations, I am not aware of it. Like the noble Lord, I have been looking at this area as closely as most people. It is a fast-moving area. If the Minister can satisfy me that somebody, somewhere knows what is happening, that would be really reassuring. It is very important to manage this area of public policy, because it changes so fast, and managing change is a key component to getting this right—otherwise we will lose the leads that we have established in this area.

The noble Lord, Lord Holmes, is right to compare and contrast digital and financial exclusion. They are parts of the same problem, but they both need to be fixed at the same time, otherwise it is the people at the bottom of the pile who will be left out. Opportunities are created for young people, and others with smartphones, to gain open access across the globe to new levels of service with distributed ledger technology, blockchain, and the like. There are fantastic opportunities. The downside needs to be managed as acutely and as carefully as the upside; that is very important.

We also need to work with business and universities. I notice that Strathclyde now has a new master's programme for fintech, which starts in September. Are the Government nudging the university and FE sector into that area, encouraging it to do it, and making it easier for it to do? There is also an emerging concern

about the fact that we are quite good at conceiving the ideas, but scaling up some of these small, innovative, disruptive businesses is not something that we are properly paying attention to; other countries and other parts of the world are using the talent that we have.

I know that this is hard to avoid, and I apologise for mentioning it, because we are all going to get sick of it, but Brexit will have a skilled workforce issue; there are already some signs that people are beginning an exodus because of the uncertainties. However, there are huge opportunities, such as the payment services directive. Whether we are in or out of Europe, there will be new standards and a new drive, as well as a new international context for those small disruptive businesses that we are so good at creating—not just at the Old Street roundabout. There are some very good examples of that in Edinburgh and other parts of the United Kingdom; there are hubs, mainly around universities, that can feed off the back of the financial and technology expertise that they are generating. So they are capable of making their way in a very successful fashion after Brexit, if we are alive to the opportunities.

The noble Lord, Lord Holmes, was right to mention regulation. The FCA has done very well, with its sandpit ideology of allowing new innovative businesses to come into the place and work with clients in an open but controlled situation to see whether it works, making sure that the regulator can establish the risks and maintain a light-touch regulation as much as it can. The FCA sometimes gets a bad press for gold-plating things, but it has established a reputation for not doing that in the fintech sector—but it is something that has to be guarded against in future.

The noble Baroness, Lady Stedman-Scott, does an enormous amount of work with disadvantaged communities and on creating jobs for people, which is important. With the client group that both she and I are interested in, it is about getting some kind of identification or verification that is guaranteed. There is an obvious digital way of doing that now. I know that the GOV.UK Verify programme was designed to support that and develop it, but what is going on in that regard? How successful is it? To what extent is it being used—is it yet useful? The last time I heard, it had just been started. The banking provisions and the requirements of knowing your client—KYC—means that the requirements for identification may be more onerous than can be easily coped with by people at the bottom of the financial pile.

I will finish on that, except to say that I hope we can rely on the noble Lord, Lord Holmes, to use his energy in future to continue coming regularly, if not frequently, to the House, as it gives the Government the chance to say what they are doing and what their plan is, and it gives us the opportunity to check that we are all content with the direction of travel. I am grateful to the noble Lord, Lord Holmes, and I look forward to the Minister's reply—in his ministerial role for the Treasury.

4.45 pm

Lord Stevenson of Balmacara (Lab): My Lords, I should declare my interest as a former chair of StepChange, the debt charity and, alongside the noble

[LORD STEVENSON OF BALMACARA]

Lord, Lord Kirkwood, I am also a member of the Financial Inclusion Commission; I will refer to some of its recent report on this area in concluding my remarks. We are all very grateful to the noble Lord, Lord Holmes of Richmond, for securing this debate and leading with his chin on some of these issues. When I read the wording of the Question, I was hoping—I am sure others were as well, including the Front Bench opposite—to have a bit of a seminar on what he meant by,

“open access to payment infrastructure”,

and “distributed ledger technology”. I am sure he has the expertise hidden away and can share it with us at a moment’s notice. I am certainly still struggling, but I am sure the Minister will enlighten us to the extent he feels necessary as we move forward. It is a question that hangs over the debate, as to what exactly he would have done with that sequence.

Having said that, the noble Lord made an excellent speech, following his excellent speech yesterday. He does not need any lessons in productivity—two speeches coming from his heart, commitment, knowledge and experience, and both very well worth listening to. We are all grateful to him for that. Of course, he also brought in two blow-ins, who decided that they ought to join in the fun; I am sure they were not just sheltering in the wonderful ice-cold atmosphere here and escaping from the blazing heat outside. They asked rather good questions. The noble Baroness, Lady Stedman-Scott, asked how this all fits together with social cohesion—a really sharp observation that we need to bear in mind. The young get this technology very quickly and can be brought into it in a socially cohesive and helpful way; we should think very hard about how that can work. The noble Baroness, Lady Stowell, with all the art and artifice that goes with being an experienced politician, asked the obvious question in a way that I think will cause considerable difficulty to the Minister. Of course, the answer to her question is that this is not happening yet in schools but, as she hinted, that should be where we start. I hope she will pursue that as we move this debate forward.

The noble Lord, Lord Holmes, mentioned in his substantive address the G20, which happens to be meeting this weekend, so it was an appropriate reference to make. The high-level principles it has been working on since 2010 are a substantial piece of work—I had already given notice to the Minister that I might raise this—and it is worth thinking about them, because they set the tone for this arrangement. The idea is that digital financial inclusion will benefit from an approach using fintech—we have enough evidence now to express that. We are talking about a major issue and the G20 paper echoes this in its introductory remarks. Two billion adults globally do not have access to formal financial services and are excluded from opportunities to improve their lives, but digital financial services, together with effective supervision—an important regulatory requirement—are essential to closing these gaps. Digital technologies offer affordable ways for the currently financially excluded, the majority of whom are women—an important point to make, following the preceding debate in your Lordships’

House—to save, make payments, get business loans, send remittances, buy insurance and do all such day-to-day activities around the world in a way that allows them to engage directly and reduces the poverty penalty. Importantly, by making access more democratic, the barriers to effective inclusion are also reduced, through the digital route towards the financial inclusion activity.

I would like for a moment to focus on the principles. The G20 encourages countries to provide action plans relating to their own country context and national circumstances to try to ensure that the advanced economies move together on this issue. That is obviously a necessary but not sufficient condition for this to work. But of course, the key question is: what has happened to our action plan? I hope that the Minister will be able to enlighten us, because surely if the G20 has recommended it, we will be doing it.

Some of the principles are motherhood and apple pie and I would not want to go through too much of them in detail. However, they start with the premise that without,

“coordinated, monitored, and evaluated national strategies”,

the work that needs to go into adopting a digital approach to financial inclusion will be worthless. That is worth reflecting on. There is a balance to be struck between innovation and risk. It is all very well getting carried away with bitcoin or distributed ledger technology, but if we do not understand them and the risks they raise, it will end in tears. It is important that somebody work on this—presumably the FCA, but other areas of government, which we might hear about, might deal with it.

Principle 3 talks about making sure that there is a, “proportionate legal and regulatory framework for digital financial inclusion”.

There is a bit of a tension here which is worth exploring, albeit we cannot necessarily do it today. The basics of financial activity will always be the same. There are those who have resources and those who do not, and those who need to buy goods and services. Money or an equivalent authorisation needs to flow between those who are acquiring stuff and those who supply it, but basically the system will not change. That is the basic underlying truth, but the way it happens will be radically different. What is the role of money in this? Physical notes and coins will probably not survive the financial revolution, if it goes forward, because authorisations—provided identity is secure and other safeguards are in place—may well replace them. However, it is important that a balanced and proportionate legal and regulatory framework is at the heart of this. Again, I ask the question: is this happening and if so, when will we see evidence that the Government’s thinking is bearing fruit?

Principle 4 states that the system must be all-inclusive. There is no point trying to tackle only parts of it. It needs to include services, goods and all people. That is probably obvious but it is important to reflect on it because it implies that there has to be physical infrastructure to support that work. This Government in the last Parliament brought forward a much touted digital Bill. It contained the basics—which we support—of a universal service obligation for broadband. However,

it was noticeable that in the debates and discussions we were unable to persuade the Government to set a high standard. The basic understanding is that we must have high-level, high-quality broadband. We proposed—and, indeed, got such an amendment through this House—an ambitious 2 gigabit target for the speeds that should apply to the USO. That was reduced by the Government to 30 megabits. There is no comparison between the two. If we are going to have this, it has to be done properly and well.

We sought to prioritise small and medium-sized enterprises getting early access to broadband. The Government resisted that. We suggested that all the work going forward on the new generation of broadband should start in rural areas—as is done in Germany—and then network back to the cities, on the grounds that investment is most needed where the need is greatest and the resources are smallest. However, the Government did not accept that. I ask the Government again: is it not about time to rethink this, because without a proper infrastructure and real support, we will not get to where we want to be?

Principle 5 seeks to:

“Establish Responsible Digital Financial Practices to Protect Consumers”.

That is probably self-evident.

“Digital and Financial Literacy and Awareness”,

starting in school comes under Principle 6. Principle 7 refers to the need to consider identity in the virtual space. It is far too easy to conflate this with ID cards or their equivalents, but the digital space is very different. It is populated by objects and avatars—things that one cannot imagine. It is not populated by real people, but we need to be able to identify and nail down who is carrying out these things. Not enough work is being done on that in the virtual space. And, of course, we should track what success is achieved. These are broad, high-level principles, but they set an agenda which the Government should consider seriously, as it would be to their advantage to do so. I hope we will hear from the Minister that that work has already started

I mentioned the Financial Inclusion Commission. It has produced a substantial report which has already been referred to. Large amounts of it were picked up in the ad hoc Select Committee of your Lordships’ House and I will not go further on that, other than to repeat the request to know when there will be a response to it. The report made 22 very good recommendations. One has already been implemented, as we know, but 21 remain to be implemented. There is a Bill going through the House and perhaps we should use that.

Finally, I have a suggestion for the new Financial Inclusion Minister, whose appearance in government circles is very welcome. I hope that he will be given support, as he cannot do this on his own. It is a major initiative that needs to be thought about very carefully. It will probably be difficult for him to do it independently of the Treasury, because the Treasury controls the purse strings on many of the issues that we have been talking about here.

It would be good if two things happened—one of which we mentioned yesterday, which I would like to return to. It should be part of the government response

to financial inclusion to try to create a sense of engagement across Whitehall, and I hope that that will be thought of as worth while. In previous Governments, where a cross-departmental issue was difficult to land among the various departmental interests, a system of champions was devised under which a nominated Minister in each department was given responsibility to work with the lead Minister. My suggestion is to have a Cabinet committee joining those people up. The Minister will probably say that organisation of government business is way above his pay grade. I understand but I hope that he will take the message back, because it seems to me that this is another of those wicked issues which, if there is not a co-ordinated and considered approach, will wither on the vine, which seems sad.

Finally on this point, I think it would be helpful to the new Minister if there were a facility to create a group of experts involved in this work to advise him and his team from the outside. A number of groups could fulfil that role. This strategy was adopted in relation to financial inclusion in its first iteration, when a work group established by Sir Brian Pomeroy was appointed to advise the Treasury on how to implement a financial strategy. It worked very well. That has now stopped but it is something that the Minister should perhaps consider again. I hope that that will be helpful to the Minister when he responds.

4.57 pm

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, I join other noble Lords in paying tribute not only to the address of my noble friend Lord Holmes and to his securing this timely debate but to the productivity and passion that he brings to the topic.

Normally, we have a set speech and then we come to some of the questions raised in the debate, and invariably we run out of time. Therefore, perhaps I may go straight to some of the questions and then come to some of the set remarks that I have before me.

I will start with the Financial Exclusion Select Committee. Its report was widely acknowledged as a very thorough, detailed and comprehensive look at this area. It is a classic example of the use of the ad hoc tool within your Lordships’ House to produce a really worthwhile and stimulating report. Its timing was not necessarily perfect in the sense that it was published on 25 March, just ahead of the announcement of the general election, and therefore there was a slight hiatus during the period of purdah that followed. However, as the noble Lord, Lord Stevenson, mentioned, it contained 22 substantial recommendations, which are being taken very seriously. They are the subject of discussion across Whitehall and we will respond to them very shortly. Perhaps we might have a debate on them when the response has been published, but it seems to me that the report will be an essential piece of work.

This debate also comes immediately after the Financial Guidance and Claims Bill had its Second Reading in your Lordships’ House. The noble Lord, Lord Kirkwood, served on the Financial Exclusion Committee, along with my noble friend Lord Holmes, and he also spoke in yesterday’s Second Reading debate, which I read. A number of points have been raised in this debate

[LORD BATES]

which I will feed back to my noble friend Lady Buscombe, who is the lead Minister on the Bill, to see whether we can move forward.

We were blessed with two brief interventions, from my noble friends Lady Stedman-Scott and Lady Stowell. They focused on young people and the financial inclusion initiatives. One of the great advantages of responding to the debate is that I was able to look up on my smartphone the Government's digital strategy to see whether it mentions young people. I was relieved to find that, even in the executive summary, there are a number of mentions of young people, with digital skills being placed alongside numeracy and literacy as key skills that people need for the future.

On my noble friend Lady Stowell's point, the Government introduced financial education to the secondary school curriculum in England in 2014. It is for the devolved Administrations to talk about what is happening there. However, we can follow through on some additional elements of the efforts to include young people, because I share my noble friend Lady Stedman-Scott's view that this has the potential to be a real leveller, as young people have great aptitude already in this technology. The E in PHSE stands for economics, and when it is well taught it increasingly involves fintech. We hope that that will be a key element, and we welcome that the issue was raised.

The noble Lord, Lord Kirkwood, asked about Verify being developed with the Cabinet Office. We are working with the Cabinet Office on this, but identity in financial services can be tough to crack. However, we look forward to following up on that.

The noble Lord, Lord Stevenson, referred to the G20 high-level principles. It is worth noting for my noble friends Lady Stowell and Lady Stedman-Scott that principle 6 refers to the strengthening of digital and financial literacy. The noble Lord, Lord Kirkwood, referred to my two hats, one of which is from DfID. One area in the G20 that we are following very closely is that of remittances. Remittances are a major part of economic development, amounting to around \$420 billion per year—twice as much as overseas development assistance. Yet the cost of remitting money back to countries can vary between 3% and 17%. There is a great deal that we can help with there. The Government's position on the G20 high-level priorities is that they are working closely with the Global Partnership for Financial Inclusion, or GPFI, which supports the implementation of the high-level principles on financial inclusion.

I go back now to some of the points raised by the noble Lord, Lord Holmes. He asked about the FCA's role, and I was pleased that he recognised it as an excellent and innovative regulator in this area. Its role in financial inclusion was raised by the Select Committee report and the Government will respond to that. As for the single financial guidance body, it will provide information and guidance, and help people manage their finances.

The noble Lord, Lord Kirkwood, asked whether the Government should amend the Financial Services and Markets Act 2000 to create a requirement on the FCA to set out a reasonable duty of care for financial

services providers to exercise towards their customers. Issues of duty of care are for financial services providers, as a requirement of the FCA. The Government will respond to this recommendation as soon as possible. In the FCA's mission document, published in April, and in its response to the Lords' Select Committee on Financial Exclusion report, sent to the noble Baroness, Lady Tyler of Enfield, in June, it committed to publishing a discussion paper to explore the duty of care further.

The noble Lord, Lord Holmes, asked about the DWP proof of concept, and he is right to say that this received positive feedback. It is examining this issue and will conduct further work before taking a decision on pushing these ideas forward.

I turn now to some of the key messages that we are seeking to get across in this debate about our position at the moment. As I have said, the Government will publish their response to the Select Committee's report shortly. The pace of change—which was referred to I think as “innovative and disruptive” by the noble Lord, Lord Holmes—in this sector is frenetic. We are witnessing the emergence of a new wave of general purpose technology: big data, analytics, machine learning, peer-to-peer lending—that term probably needs to be qualified in your Lordships' House—networks and distributed ledger technology, each of which can bring potentially far-reaching changes for people traditionally excluded from financial services.

We should think, for example, how much online budgeting tools can help to give people unprecedented control over their finances—empowerment, as the noble Lord, Lord Holmes, said. Indeed, the Department for Work and Pensions is exploring ways to give tenants more control over their spending via smartphones. This could include not actually paying rent monthly. If it is digital, why not pay it daily or weekly, which is sometimes easier to manage? The Government believe strongly that a flourishing fintech sector will lead to further innovations that will help reduce financial exclusion across the UK. It is worth noting that the development of fintech is not limited to London. There are strong fintech centres in Leeds, Manchester and Edinburgh, and across the UK.

In terms of how we will approach this, we suggest three pillars. First, we will create the most welcoming regulatory environment in the world for fintech, without compromising financial stability or consumer protection. The Financial Conduct Authority's Project Innovate, which has been referred to in the debate, is recognised around the world as a gold standard in this field. Secondly, we will ensure that the legislative and regulatory framework is fit for purpose as new fintech products and services emerge. The Government are taking action. We have overhauled the regulatory and tax regimes to accommodate new peer-to-peer lending models and we are taking steps to ensure that customers have the option to share their financial data with fintechs safely and efficiently. Finally, we are promoting UK fintech at home and abroad. We have created fintech bridges with Singapore, China and Hong Kong. In April the Chancellor and the Governor of the Bank of England hosted the inaugural international fintech conference.

Several studies have ranked the UK as a leading global hub for fintech development and the Government are committed to building on this to make sure that

UK fintech goes from strength to strength. However, this debate is specifically about how to use the UK's success in fintech as a lever towards financial inclusion and capability. I can point to some early successes. The FCA has led the way globally. It has provided direct support and access to its sandbox to a number of firms focusing on social inclusion, such as Oval, an app that helps users build up savings by putting aside small amounts of money every week.

Beyond the regulatory sphere, the Government are also acting directly to stimulate exploration of potential fintech support for financial inclusion and capability. In March of this year, the Government's digital strategy announced that we would launch a competition, to be run by Tech City UK, to encourage digital approaches to support financial inclusion. There is a clear need to ensure that we reduce the number of those who do not have any kind of account—the so-called “unbanked”. A financially inclusive society is one that allows its citizens to manage their money more effectively, securely and confidently. For their part, the Government aim to boost inclusion and ensure the widest possible free access to basic bank accounts.

I have some additional data which noble Lords may be interested to receive. In the first half of 2016 alone, nearly 500,000 basic accounts were opened in the UK. There are just under 8 million basic bank accounts open now in the UK, and 4.1 million basic accounts were completely fee-free at the end of 2016.

I move to my conclusion. The Government have two separate objectives. We are creating the conditions for fintech to flourish in the UK in general, but we are also taking specific action to ensure that these technologies

are harnessed to tackle the problem of financial exclusion. These twin strategies will help us in the mission we all share of equipping everyone in our society, young and old, with the financial tools they need to live the lives they want. I finish by thanking once again the noble Lord, Lord Holmes, for introducing this debate and all those who have contributed so well to it.

Lord Holmes of Richmond: My Lords, I thank all noble Lords who contributed to the debate, not least my noble friend the Minister. It seems harsh to pull him up on one tiny detail, but I feel I must. He said that the timing of the publication date of the report from the ad hoc Financial Exclusion Select Committee was not perfect. The timing was perfect; perhaps the timing of the general election was less so. For different reasons, everybody around the House might share that sentiment.

We have a phenomenal opportunity in this country if we get fintech and financial inclusion right. We will not just have a world-leading, world-beating fintech sector, but through the financial inclusion that that will deliver we will address perhaps one of the most pernicious, iniquitous elements of our society: that all too often those on benefits and those who have the least find themselves having to pay the most, not least for the most essential utilities. If we can address that, it would be a profoundly positive element—one of many that can come from the excellent connection between fintech and financial inclusion. I thank again all noble Lords who participated.

House adjourned at 5.12 pm.

