Vol. 785
No. 41

Friday
27 October 2017

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

Lords wishing to be supplied with these Daily Reports should give notice to this effect to the Printed Paper Office.

No proofs of Daily Reports are provided. Corrections for the bound volume which Lords wish to suggest to the report of their speeches should be clearly indicated in a copy of the Daily Report, which, with the column numbers concerned shown on the front cover, should be sent to the Editor of Debates, House of Lords, within 14 days of the date of the Daily Report.

This issue of the Official Report is also available on the Internet at
https://hansard.parliament.uk/lords/2017-10-27

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

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

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

House of Lords

Friday 27 October 2017

10 am

Prayers—read by the Lord Bishop of Salisbury.

Asset Freezing (Compensation) Bill [HL]

Second Reading

10.07 am

Moved by ***Lord Empey***

That the Bill be now read a second time.

Lord Empey (UUP): My Lords, during the last Session of Parliament I introduced a similar Bill into your Lordships' House. While the Bill was passed by your Lordships and sent to the other place, a combination of obstruction and a lack of time brought about by the snap general election earlier this year resulted in it being lost.

The Bill is put forward on behalf of an all-party parliamentary support group that is trying to help the many victims of terrorism in this country, whether sponsored by Gaddafi or others. Many of your Lordships will be familiar with the circumstances that have led to today's proceedings, but it is worth reminding ourselves of the background to this case. The Libyan dictator was a long-term supporter of violent groups in many countries from the 1970s, but nowhere was his support to terrorism more apparent than with his unprecedented support for the Provisional IRA. Gaddafi provided training on his territory, finance and a massive amount of weaponry over many years. Literally shiploads were sent to the IRA in the 1980s. It is estimated that four or five major shipments were made, with only one being intercepted—the "MV Eksund", intercepted by the French Navy in the Bay of Biscay on 1 November 1987.

Large quantities of the explosive Semtex were included in these shipments. The explosive, which is hard to detect and has a long shelf life, was the IRA's weapon of choice for many years. It was following the bombing of Libya, authorised by President Reagan in 1986 and using UK airbases, that Gaddafi intensified his weapons smuggling. Some of the victims who suffered as a result of the use of this explosive link the US bombing of Libya to the supply of Semtex. They argue that as a result of the UK Government's action in permitting the raid, retaliation was made against them and their families. Gaddafi was looking for a spectacular response made on his behalf, and arguably it came at Enniskillen, nearly 30 years ago next month. These victims believe that Her Majesty's Government therefore have a responsibility to them—yet, unlike in the case of US citizens, the Government did not pursue the Libyan authorities in the courts or diplomatically by bringing that country to the attention of the Security Council. Any objective observer would conclude that, had the IRA not had access to Semtex in particular, its campaign would have fizzled out much earlier than it did and many lives would have been saved as a result.

The finger of guilt for sustaining the IRA in its campaign of terror within and without this country points directly to the Gaddafi regime. The regime waged a proxy war on this country, and any new Government of Libya have a legal duty under international law to take responsibility for the actions of their former head of state. There has been a perception that Gaddafi-sponsored terrorism was primarily a Northern Ireland issue, but that is not the case. Victims are located all around our nation. The number of GB-based soldiers who were killed and injured is substantial, and there has been a significant number of high-profile attacks. For example, we had the Harrods bombing, the Canary Wharf bombing, the Baltic Exchange bombing and the notorious Hyde Park bombing.

The last example I mentioned is notorious because insult was added to injury by the disclosure that when a suspect was arrested and brought to court charged with four counts of murder relating to the incident on 20 July 1982, he was able to wave a piece of paper at the judge on 24 February 2014 and claim that he was promised he could come to the UK as he was not wanted in connection with any ongoing police inquiry. This on-the-run letter for the suspect John Downey remains a toxic example of a double standard in the way in which a potential terrorist was treated and the way in which former members of the security forces are treated.

Successive Governments have failed to resolve the issue of compensation for victims. There has been no sustained attempt by Her Majesty's Government to secure compensation from the Libyans, either from frozen assets or by agreement with the Libyan Government—when one was functioning—hence the need to look again at the legislative options open to us to resolve this matter.

Before referring to the clauses of the Bill, perhaps I may illustrate what I mean by an inconsistent approach by the Government. Although I have been writing to Governments since 2002 on these matters, I wish to draw the House's attention to a few more recent interventions.

I wrote to the former Prime Minister David Cameron on 30 August 2011 asking if it was possible to withhold some of the frozen assets for the benefit of victims of Libyan-sponsored terror. The then Prime Minister replied on 15 November 2011, repeating what he had said in the other place in September of that year in the following terms. He said that,

"the issue of compensation for UK victims of IRA terrorism will be an important priority for a revitalised relationship between Britain and the new Libyan authorities".

That response filled me with hope that things were indeed moving in the right direction—but fast forward to 21 January 2014, when I received an answer to a Written Question from the then Foreign Office Minister, the noble Baroness, Lady Warsi. I asked her whether the Government were continuing to negotiate with the Libyan Government regarding possible compensation for UK citizens killed or injured by weapons supplied by the former Gaddafi regime. Her response was as follows:

[LORD EMPEY]

"The Government is not involved in any negotiations with the Libyan government on securing compensation payments for the British victims of Qadhafi sponsored … IRA … terrorism".—[*Official Report*, 22/11/14; col. *WA 136*.]

The reply went on to say that the Government considered such claims to be a private matter between the victims and the Libyan Government.

I was horrified by this reply, which was completely at odds with the response of David Cameron on 15 November 2011. Naturally, I got in touch with Ministers again to find out what was going on. Despite a flurry of letters in 2014 involving David Cameron and other Ministers, the introduction of a similar Bill to Parliament last year, meetings with officials in the FCO and Treasury, and an inquiry by the Northern Ireland Affairs Select Committee in the other place, the present Government indicated recently in response to that committee that the issue of claims for compensation by victims was still, in their view, a private matter for individuals. This is not exclusively a private matter and never was. This country was attacked by proxy for more than 20 years, with thousands killed and injured. It is the duty of Her Majesty's Government to protect their citizens and ensure that justice is done.

The Bill has a straightforward aim. While provoked by the Libyan situation, it is not confined to it and would make provision for the imposing of restrictions on assets owned by persons involved in conduct that gives support and assistance to terrorist organisations in the United Kingdom for the purpose of securing compensation for citizens of the United Kingdom affected by such conduct.

Clause 1(1) states that Her Majesty's Treasury must "take all actions necessary" to prevent the release of particular assets which have been frozen under European Union Council regulations until circumstances described in subsection (5) have been met. Subsection (2) states that these actions may include imposing domestic asset-freezing measures under the Terrorist Asset-Freezing etc. Act 2010. Subsection (3) sets out the people with assets who are covered by this Act. It states that the assets are owned by persons,

"including but not limited to state parties, who are or have been involved in conduct that gives support and assistance to terrorist organisations in the United Kingdom".

Subsection (4) sets out when a person would be considered to have been involved in conduct which supported terrorist organisations in the UK. These include a United Nations Security Council resolution or that Her Majesty's Treasury,

"reasonably believes that the person is or has been involved in conduct to that effect".

Subsection (5) describes the circumstances referred to in subsection (1). Under this provision, the frozen assets could be released only if a settlement to compensate UK victims of terrorism was reached. Subsection (6) outlines the definitions used by the Bill. It defines terrorist organisations in the UK and organisations which are,

"based in the United Kingdom, and that the Treasury reasonably believes are or have been involved in terrorist activity, within the meaning of the Terrorist Asset-Freezing etc Act 2010".

In addition, it states that "UK citizen" has the same meaning as in the British Nationality Act 1981.

I think it is clear that the support group which I am representing today is fully aware of our commitments to the United Nations and the European Union that govern and control the Libyan frozen assets here in London. They consist of approximately £9.5 billion. However, we as a country have never asked the United Nations or our EU colleagues for help with this. Under EU regulations there is provision for humanitarian help for the owners of these assets to get access to them—so why can this not be extended to the victims?

The UK has one ace card to play, should that become necessary and if negotiations fail. If a new Government of Libya seeks access to these and other frozen assets around the world, a decision will have to be taken to unfreeze them at the UN Security Council. As a permanent member of that council, the UK has a veto on all decisions. We have seen Russia and China using their veto in their national interest recently concerning Syria and North Korea. Although I hope it can be avoided, the UK may have to follow suit if no agreement can be reached over Libyan assets.

I hope that the Minister, when replying, will assure the House that the idea that these matters are exclusively private is no longer the core of government policy. Private cases can always continue, but there is a national interest here and the Government must pursue it aggressively. At a recent meeting with the Foreign Secretary, the support group was encouraged by his willingness to consider seriously what could be done. I look forward to what the Minister will say in reply. I beg to move.

10.18 am

Lord Browne of Belmont (DUP): My Lords, the Bill of the noble Lord, Lord Empey, continues to have my full support. Its objective is to ensure that compensation is available for the victims of a truly terrible period in our nation's history. It gives this House the opportunity to exercise one of its primary responsibilities: to ensure that justice is available to all.

As noble Lords have highlighted in various debates, terrorism has no place in our society. Terror and violence are not and were never justified in Northern Ireland or in any other part of the United Kingdom. Each innocent victim of terror, be they from Northern Ireland or the mainland, appreciates the support and attendance of noble Lords from different parties across this House, as well as the support of those in another place, including some of my colleagues who have long supported this campaign.

This Bill is also one about fairness and transparency. It would be easy to assume that this is just a debate about compensation for the victims of IRA terrorism and believe instantly that this is solely a Northern Ireland issue. I assure noble Lords that that is certainly not the case. No one should doubt the long-term pain and suffering that have been caused to so many people across the United Kingdom by IRA terrorism, sponsored by Gaddafi's Libya. Over the years, it has become abundantly clear that much of the arsenal used during the period of maximum IRA activity and damage, including the guns and deadly Semtex used to murder many, was made available as a direct result of the IRA's links with Gaddafi's Libya. We can never bring

the victims of this terror back but, as an initial step, we have a duty to do our bit to try to recognise the pain of their loved ones and then endeavour to secure some meaningful compensation for them.

Today we owe it to the relatives of those killed and injured as a result of Irish republican violence to deal with this matter in the appropriate manner. The message should be sent loud and clear from your Lordships' House that this issue is a priority. The United Kingdom Government should continue negotiations to bring about a compensation package for the victims. This Bill outlines the possible way forward and deserves careful consideration, especially when it reaches Committee. I am pleased to support the Bill.

10.21 am

Lord Lexden (Con): My Lords, it is always a great personal pleasure to speak in the same debate with my noble friend Lord Empey, particularly in one that he has initiated. We came into the House at the same point, nearly seven years ago. I strongly share his view that Northern Ireland should be involved as fully as possible in the national affairs of the country of which it is part. We are at one in believing that this Parliament must keep the province firmly within its sphere of work. We are united in detesting the dread phrase, "devolve and forget".

For me personally, this is a particularly poignant year. It was exactly 40 years ago that I left my job in Queen's University Belfast to come and assist Airey Neave, then Conservative spokesman on Northern Ireland. I saw him almost daily until his murder at the end of March 1979. His murderers remain at large.

It was largely thanks to Colonel Gaddafi and his regime of terror that the IRA was able to continue its campaign of murder and destruction in Northern Ireland and Great Britain until the mid-1990s. Victims of that campaign have been seeking compensation from Gaddafi's frozen assets, amounting to some £9.5 billion—no modest sum—in this country since 2002, 15 long years ago. Many of them are growing old; all of them despair of ever receiving compensation. A huge sense of frustration exists among them—understandably so, when they see that those who suffered as a result of Libyan terrorism in Germany, in France, and above all in the United States, have gained the compensation that they deserve. The final indignity is that their own Government here in the UK seem to give little priority to assisting them in their plight. As my noble friend Lord Empey explained so clearly, the Government seem unwilling to go beyond offering to help their own private efforts to reach agreement of some kind with the Libyan authorities. How can private individuals be expected to do that, in a country in the grip of grave instability? It is a task for government. A proxy war was waged by the Libyan dictator against the United Kingdom and its citizens. Would tough-minded British Governments in the past, Labour or Conservative, have left our fellow countrymen and women to their own devices in such circumstances? I remind the Government of a passage in this year's Conservative and Unionist election manifesto. Interestingly, the party made use of its full name for the first time since 1959. The section of the manifesto in question has a heading that refers to, "standing up for victims". Here is a group of victims for whom the government should surely be standing up.

My noble friend Lord Empey has long been prominent in the campaign to secure redress for those who have suffered. He is a man of great tenacity. His very important Bill, which he has reintroduced in this Session, was passed by this House before the election and attracted widespread support in the Commons before the Government blocked it. There can be little doubt that it is the wish of Parliament that this Bill should become law. The Government assert that to dip into the ill-gotten Gaddafi billions would be in breach of UN Security Council resolutions, EU sanctions regulations and the European Convention on Human Rights. How strange that organisations and agreements that exist to promote justice, international order and human well-being should, in this case, frustrate them. Should a Government committed to standing up for victims tamely accept that state of affairs?

Since my noble friend's last Bill was extinguished, there has been an important development. The Northern Ireland Affairs Select Committee in the Commons has published a report on this very subject, following a detailed two-year inquiry. Six months on, the Government have yet to respond, which comes as no surprise, since prompt government responses are as rare as amicable agreements over Brexit issues. The Commons report states that if nothing has been achieved for the IRA's victims by the end of this year—and we will soon be there—the Government should set up a fund of their own to finance community projects and provide individuals with compensation. What is the Government's view of this recommendation?

In these deeply unsatisfactory circumstances, we must surely show our support for my noble friend's commitment to ending a long-standing injustice by giving his Bill a Second Reading.

10.26 am

Lord Rogan (UUP): My Lords, I support my noble friend Lord Empey and his Bill, which seeks to release these frozen assets. As has been said, the Gaddafi regime supplied the IRA with weaponry in the early 1970s and in the mid-1980s. The quantities were vast and, as a result, the IRA was able to escalate its campaign of violence. As part of these shipments, in the early 1980s the IRA acquired supplies of Czech-made Semtex from Libya. According to the journalist Toby Harnden, from late 1986 to 2011,

"virtually every bomb constructed by the Provisional IRA",

and splinter groups such as the Real IRA,

"has contained Semtex from a Libyan shipment unloaded at an Irish pier in 1986".

As someone who lived in Northern Ireland through that period, it is sobering to think that so much of the death and destruction unleashed on our streets came from one source—Libya. The biggest arms shipment arrived on a beach in County Wicklow in late 1986 and consisted of 80 tonnes of weaponry, including seven rocket-propelled grenades, 10 surface-to-air missiles and a tonne of Semtex plastic explosive. That shipment was the fourth landed in a 14-month period and would transform the IRA's ability to conduct its terrorist

[LORD ROGAN]
campaign. Untold suffering was caused by the weapons supplied by Gaddafi. The dead are mourned to this day, and many more still carry the physical and mental scars inflicted by murderous terrorists at the behest of a tyrant.

It is little short of a national scandal that British victims of Gaddafi's weaponry should be reduced to virtually begging their Government for justice. As a result of Lockerbie and other terrorist outrages, the Americans, Germans and French all secured compensation for their citizens who suffered as a result of Libyan-supplied weaponry. That situation merely highlights all the more starkly the failure of successive British Governments to secure similar deals for our citizens. Why should our people be less favourably treated than American, French and German citizens? Surely British Governments—of whatever political complexion—should be standing up for the rights and interests of British citizens.

Suspicions have been raised that, when Tony Blair was Prime Minister and Libya was being brought in from the cold, a secret deal was done whereby the UK would not pursue compensation. It has also been suggested that the desire to secure oil took precedence over the need to secure a measure of justice and compensation for victims. Of course, this is not the only secret deal which Mr Blair has been associated with when it comes to Northern Ireland. Noble Lords will recall the shameful on-the-run letters of comfort, which were distributed to more than 200 republican terrorist suspects, and which are effectively "stay out of jail free" cards. These items were part of a secret deal between Tony Blair and Sinn Fein/IRA. The fact that many were handed out by Gerry Kelly—a man convicted of bombing the Old Bailey in March 1973—merely compounds the insult to the victims.

My noble friend Lord Empey has been tenacious in his pursuit of this issue and he deserves a great deal of credit for his efforts to raise the profile of the Libyan connection to terrorism and to ensure that victims can see that Parliament has not forgotten them and is still seeking a measure of justice for them. As he said, he has been writing to the UK Government about Gaddafi and Libya since 2002. In all those years, he has never heard a coherent explanation for the failure of Her Majesty's Government to get compensation for UK citizens for all the damage that Gaddafi did as a result of supplying the IRA with weapons, money and training for over 20 years.

Last year he brought a Private Member's Bill before Parliament but, unfortunately, it ran out of time. He has now reintroduced it and has my wholehearted support. Quite simply, the average person in the street will find it incomprehensible that Libya has £9.5 billion in frozen assets in London alone. Is it not reasonable to want some of that to go towards helping the many who have suffered greatly as a result of Gaddafi's Semtex and other weaponry, which was placed into the hands of terrorists and psychopaths? In all the talk of rights, the great and the good seem to be excessively reluctant to lift a finger to help people who suffered terribly as a result of this. Many of the events took place over 30 years ago and time is running out for the victims. Soothing words from the Government and officialdom are simply not enough. We must persevere to raise the profile of this issue and continue to seek justice for the individual victims and the UK as a whole for the huge damage done by Gaddafi. For me this is about fairness and justice. It is about doing the right thing. Once again, I commend my noble friend Lord Empey for his determined effort in this regard and I assure him and the House that he has my and the Ulster Unionist Party's full support.

10.32 am

Lord Reid of Cardowan (Lab): My Lords, speaking briefly in the gap, I first congratulate the noble Lord, Lord Empey, for the persistence that he has shown on this issue. I support this Bill, despite the fact that I do not necessarily agree with everything that has been said in the course of the proposal and support. It would be wrong of me not to put on the record a correction to the caricature that was given, especially by the noble Lord, Lord Rogan, of the letters that were sent to the so-called on-the-runs. They did nothing more than inform those people—who were not being pursued by the police—that they were not being pursued by the police. In the case of Downey, a mistake was made and that is why he could use the letter.

Notwithstanding that correction, I support this Bill and I do so for a reason that has not yet been outlined: when I was Secretary of State for Northern Ireland, I was extremely aware, like everyone else who has held that position, of the number of victims on all sides of the community. Some people called it the Troubles; it was a war. It was a war against the best, most effective guerrilla army in western Europe at the time, and there were victims on all sides. There was, however, an imbalance in the opportunities that some victims had to claim compensation. If a person claims that they were the victim of a state, there is a whole plethora of apparatus, systems and processes of law that allow them much more opportunity to claim compensation against the state than if they were the victim of a terrorist organisation, by virtue of the fact that they do not have the status that a state has. Therefore, anybody who claimed that they had suffered as a victim of British violence had opportunities to claim compensation that were denied to many others. In this case, as the noble Lord, Lord Empey, has pointed out, they were in fact the victims, directly and indirectly, of a state: Libya. So, for the first time, the victims of terrorism in Northern Ireland would have, if supported by the British Government, the opportunity that they have never had previously to use the very laws that those who have claimed to be the victims of British state violence have had.

This House should therefore support the Bill of the noble Lord, Lord Empey. I believe that, where the state of Libya has been involved through the head of state, Gaddafi, there was a direct relationship between the finance and the resources supplied for the use of terrorism and the effects on the victims in Northern Ireland. With that, I merely add that the persistence that the noble Lord, Lord Empey, has shown has been commendable and this House should support him in his endeavours.

10.36 am

Lord Carswell (CB): My Lords, I shall just add a very brief grace note in the gap. The day before I was sworn in as a High Court judge, a booby-trap bomb was left under my car. By the grace of God, I saw it and I escaped. A very brave ammunitions technical officer risked his life to try to diffuse it and, unhappily, was only partly successful. The explosion took place and there was an immense amount of damage done to my car—which was a write-off—my house, the contents and, by way of after-effect, my wife's health. I had to get on with my job, and happily I was able to do so. She was badly affected for a long time.

A couple of years later, my very close friend and colleague, Maurice Gibson, was blown up in his car by a road-side bomb as he crossed the border with his wife. The car and its occupants were incinerated. The distress to his family, which I have seen close-up, can never be compensated sufficiently, but it should be registered and an attempt made.

I make these remarks for the simple reason of showing that the distress and effects are real and personal to very many people. Most of them have suffered far more than I have, but I can appreciate their feelings and their wishes that this Bill should go through, and I have the pleasure of supporting it.

10.37 am

Lord Davies of Oldham (Lab): My Lords, I join the so far unanimous voices of all who have spoken in this House and am grateful to the two additional noble Lords who have spoken in the gap. In particular, I am grateful to my noble friend Lord Reid who identified just why the Government need to address this issue.

The noble Lord, Lord Empey, is of course to be greatly applauded for his persistence with regard to this issue. His previous Bill is now extended in this Bill, which makes it clear what exactly ought to be achieved. The previous Bill of course fell foul of those practices in the Commons which result in the exhaustion of time. An awful lot of Members of Parliament and others—I count myself, as a former Member of Parliament, in this category—have suffered the loss of a Bill directed towards an unexceptionable cause when the waywardness of parliamentary procedure sees that the Bill does not progress as it deserves. Most of us at that point, I think, give up on the endeavours. The noble Lord, Lord Empey, is greatly to be congratulated on the fact that he has persisted with these issues and brought this Bill before the House. He may begin to think that he somewhat resembles Sisyphus, who constantly had a burden to bear and roll up the hill, but Sisyphus was never successful, of course. We hope that the noble Lord, Lord Empey, will be successful with this measure or, at the very least, if the Bill itself cannot be commended, that the Minister will indicate that the Government will take progressive action to give effect to its most crucial propositions.

We have no doubt about the justice of this cause and wish the Bill well. A considerable number of Members in the House of Commons support this issue. The constituency of my honourable friend Jim Fitzpatrick includes Canary Wharf, which featured in one of the horror stories of a period when not just Northern Ireland but the great cities of Manchester and Birmingham suffered attacks. London suffered several attacks during that period—enough to present difficulties in sustaining certain aspects of normal life in the capital, not least because of the threats to public transport. When my honourable friend Jim Fitzpatrick pursues these issues in the Commons, he represents his constituents in a way which they have the right to expect. Noble Lords from Northern Ireland have reflected exactly that consideration with regard to the people they used to represent in the Commons. We have become acquainted through all this with that dreaded word "Semtex", which I think very few of us knew anything about until the Libyan Government began to obtain supplies of it from the Czech authorities and then began to disseminate it, in particular to the IRA in Northern Ireland.

Other Governments have made more progress on this issue than ours. We all recognise that the law is different in other countries. The Americans can take executive action that is not open to the British Government to pursue in the same way. The Government have now had several years' opportunity to devote real thought to this issue, given the pressure from noble Lords and Members in the other place. Therefore, I hope that the Minister will indicate that the Government will come up with some constructive proposals.

I recognise that the Minister has drawn the short straw. Having to respond to the first debate on a Friday is bad enough. However, having to do so when he has a fairly thin case to deploy, or has had in the past, is an even more onerous burden. However, he is a competent and capable Minister whom we all respect. I know that he will have pressed his civil servants to ensure that he has an element of constructiveness in his response today. I do not think that the House will take kindly to a repeat of the forestalling by government which has gone on in the past in response to the arguments put forward on these issues. The Government need to give us some encouragement. I am not expecting the Minister to say that the Bill of the noble Lord, Lord Empey, will sail through both Houses without contention. I am not even going to ask the Minister to say that it is bound to succeed. All I am asking him to say is that the Government have a duty to respond to the Bill's demands for constructive action.

10.44 am

The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon) (Con): My Lords, I thank the noble Lord, Lord Empey, and indeed all noble Lords for their contributions. We can all reflect on the poignancy of the issue in front of us, which concerns victims, who are at the heart of the intent behind the Bill. The Government do not take that lightly. I congratulate the noble Lord, Lord Empey, on securing this Second Reading, and congratulate all noble Lords who have contributed. I thank the noble Lord, Lord Davies, for his kind remarks about me. However, I assure him that I do not regard responding to the Bill on a Friday as drawing the short straw. I know that it is half-term and, having three children who have not seen daddy much this week, this matter is a challenge. However, it underlines the importance

[Lord Ahmad of Wimbledon]
that I, as a Minister of State at the Foreign Office, attach to this human rights issue, as does the UN, the Foreign Secretary and my colleague the right honourable Alistair Burt, who is the Minister with responsibility for the Middle East.

I am grateful for the opportunity to contribute to today's debate and to speak about this important issue, which continues to be highly relevant in Parliament, not just in our House but in another place, as the noble Lord, Lord Davies, and others have said. In doing so, I acknowledge the valuable work of the Northern Ireland Affairs Committee in the other place. This includes the report it published in April on government support for UK victims of IRA attacks that used Semtex and weapons supplied by the former Libyan leader, Muammur Gaddafi. I say to my noble friend Lord Lexden that the Government responded in September to the report. If there are specific matters relating to the Government's response, I will be happy to take them up with him outside the Chamber.

I reiterate that the Government regard this as a very long-standing issue, as we have heard today. It is complex and, of course, emotive. It is complicated further by the difficult economic, political and security circumstances that we see prevailing in Libya today. Only yesterday, I met Ann Clwyd from the Commons, who talked to me specifically about humanitarian assistance for the people of Libya. As the Prime Minister's special representative on preventing sexual violence, I do not hide from the fact that what we see in Libya in that regard adds to the great horror of the situation on the ground.

However, I reassure noble Lords and make it clear that the Government remain absolutely focused on finding a way forward. In that regard I highlight a few of the recent events that have taken place. Over the past few weeks, my right honourable friend the Foreign Secretary, Boris Johnson, and the Minister for the Middle East, my right honourable friend Alistair Burt, have hosted meetings with victims' groups and parliamentarians. I believe that the noble Lord, Lord Empey, was present at these meetings, the tone of which was positive, constructive and progressive. I also assure noble Lords, particularly the noble Lord, Lord Davies, that the Government have raised the bar. We continue to raise these issues regularly with the Libyan authorities directly. I have listened very carefully to the concerns expressed that victims' groups alone cannot represent the tragedy that they have suffered, and continue to suffer. Therefore, it is right that the Foreign Secretary has raised this issue not once, not twice, but on three occasions recently with Prime Minister Sarraj, and we will continue to do so.

I also assure those who represent the interests of victims' groups—I know many in this Chamber and in another place do so—that they do not go unheard. In addition to the commitment that my right honourable friends and Members across both Houses have given to continuing to hold meetings with victims' groups, I assure them that I will continue to expend my energies working with the noble Lord and others to ensure that this issue retains the momentum that it deserves. Equally, I accept the criticism that while we are doing this we also need to ensure that we communicate about the efforts being undertaken. As I listened very carefully to the history of the IRA bombings, in particular the poignant words of my noble friend Lord Lexden, when he talked of the late Airey Neave, it struck a particular tone. Indeed, we heard from the noble and learned Lord, Lord Carswell, as well on this issue.

To give a personal reflection, I remember starting in the City of London back in the early 90s. For a young man just out of university who had started with NatWest, it was strange to suddenly hear the news that the place near his work in Bishopsgate had been hit. I remember it well: it was 24 April 1993—it remains engraved on my memory. I commuted to there, day in, day out. Thankfully, on that occasion, the number of victims was limited by the fact that it happened on a Saturday.

The point was well made by the noble Lord, Lord Empey, and others that we do not regard this as an issue for victims in one particular region. As he rightly articulated, it is relevant for the whole of the United Kingdom.

I turn now to the contents of the Bill. Its aim is to secure compensation for UK victims of terrorist organisations in the UK. It seeks to impose continuing restrictions on assets owned by persons who support and assist those organisations. It proposes also that where the assets of those who have supported terrorist organisations in the UK are currently frozen—in accordance with the UN Security Council resolutions and under the EU Council regulations which implement them, as several noble Lords have acknowledged—the Government should ensure that those assets are not released until agreement is reached on a compensation settlement for the victims.

The intention behind the Bill is honourable and clearly seeks to right a wrong perpetrated on innocent people. As we have heard from various noble Lords, including in the important intervention from the noble Lord, Lord Reid, weapons, funding, training and explosives provided by Gaddafi to the Provisional IRA exacerbated the Troubles. We have heard that the word "Semtex" became a regular feature in people's minds, when previously it was unheard of. I fully acknowledge that it contributed to great human suffering in both Northern Ireland and across the rest of Great Britain. I fully understand that the Bill is designed to secure compensation for victims from those responsible for their suffering.

As several noble Lords acknowledged, we currently have around £9.5 billion of Libyan assets frozen throughout the UK. These assets were frozen under UN Security Council Resolution 1973 at the time of the revolution in 2011 at the request of those involved in toppling Gaddafi's regime. It is believed that the majority of these assets either belong to the Libyan state as part of a sovereign wealth fund or their ownership is claimed by the Libyan state.

Noble Lords acknowledged that there are obligations on the part of the UK under both international and EU law that affect what can and cannot happen to Libyan assets frozen in the UK. Noble Lords will be aware of the difficulties that can be posed by freezing assets, particularly with relevance to the property rights protected under the European Convention on Human Rights.

Questions were raised about our obligations under international law. I assure noble Lords that we continue to focus on these specifically and keep them in mind while discussing the issue in front of us. It is important to remember that the ownership of some of these assets is still in dispute. Until those disputes are settled we cannot say for certain to whom the assets belong. The UN Security Council resolutions governing the Libya sanctions regime provide that the frozen assets, when they have been determined to belong to the Libyan state, are eventually to be made available to the Libyan people for their benefit. If the UK were to act so as to interfere with this purpose, we would be in breach of our obligations under international law. That having been said, we continue to raise this issue at the highest level with the Administration in Libya, including the Prime Minister. I hope that I have made that point clearly.

There are some practical difficulties with the Bill as drafted, including the proposed use of powers under the Terrorist Asset-Freezing (Temporary Provisions) Act 2010, known as TAFA. However, the Government are taking practical steps. In their recent meetings with parliamentarians and victims groups, both the Foreign Secretary and Mr Burt have made clear the Government's intention to communicate effectively and step up engagement on this issue directly with the Libyan authorities to ensure that those efforts are visible and momentum continues. It is important we do that in the interests of victims and their representatives.

We need to recognise that the political situation in Libya remains extremely fragile. I assure noble Lords that the UK Government are currently working to support the UN-led political process in Libya to create a Government who are better able to deliver for the Libyan people and better able to take forward work on a wide range of issues, including legacy cases. The Foreign Office will remain actively engaged in supporting victims and their representatives to seek redress from the Libyan authorities. We will continue to press the Libyan Government to meet victims groups and will facilitate such meetings to discuss their campaign directly.

It is clear from the sentiments of contributions across the board this morning that nothing can compensate for the suffering of the victims and their families. However, as Minister of State in the Foreign Office, I, together with my colleagues the Minister of State for the Middle East and the Foreign Secretary, remain determined that we will play our part to support victims and their families as part of the Government's wider efforts to address the legacy of the Troubles in Northern Ireland. I again thank the noble Lord, Lord Empey, for securing this important debate. I do that with the reassurance that we will continue to raise this issue directly with the Libyan Government. Whatever support I can extend to strengthen that effort, I will certainly give.

10.56 am

Lord Empey: My Lords, I too thank those who participated in today's debate. I want to go over a few points. My noble friend Lord Rogan referred to Semtex and the escalation of the campaign, and the fact that citizens from other countries have achieved compensation. I acknowledge that that was salt in the wound to many victims.

I appreciated the intervention of the noble Lord, Lord Reid of Cardowan. I understand the technical points he made about the letters, but of all the things that have happened over the years, the production of pieces of paper in a court, the existence of which was not known to anybody outwith the Government of the day and the terrorists who held them, was a big shock, to put it mildly. The truth is that someone charged with four counts of murder and contributing to an explosion in this country—the first person to be brought before the courts between 1982 and 2014 on this matter—was able to leave the court a free man. You can look at all the technicalities that surround it, but that is what happened. It was a shock to the core for many people.

We know that mistakes were made, perhaps at police level—I accept that. But the fact is that pieces of paper existed that were not known about. Through my involvement in the negotiations I am well aware that the on-the-runs was a very sensitive issue. It was a matter that could not be left hanging in the wind. Nevertheless, people were shocked by the way this was done and by the fact that some of the people in possession of these letters were the same people hounding members of the security forces who were acting on our behalf. They were having their cake and eating it. The noble Lord, Lord Reid, also mentioned the imbalance, which is at the core of why people are so upset.

I am well aware of the personal experiences of the noble and learned Lord, Lord Carswell—my late aunt and uncle lived across the road from where he lives. Very few people would get under their vehicle like a mechanic in a garage to search for a device, but he was so conscientious. I thank God that he and his family escaped.

Lord Elton (Con): In that context, it might be worth reminding the Minister that an exactly similar device killed one of Margaret Thatcher's Ministers, Ian Gow.

Lord Empey: The noble Lord is absolutely right. If noble Lords look inside the Chamber of the House of Commons they will see above the door the names of those Members of the House of Commons who were killed—Airey Neave, Ian Gow, the Reverend Robert Bradford and Anthony Berry in the Brighton bomb. That was a very poignant intervention.

I appreciate the comments of the noble Lord, Lord Davies of Oldham, about parliamentary procedure. As a hand in these things, I am sure that over the years he has been quite happy to use the odd bit of procedure himself, as I am sure we all have in the different fora in which we have operated. Nevertheless, he makes the point—he knows and everyone knows—that a private Member does not have the resources to draft all of the technicalities that are needed in a Private Member's Bill. Although I thank the Public Bill Office for its assistance, I am well aware that without the backing of the Government, it is difficult for a Private Member's Bill to make progress. However, it creates a platform for Members to bring issues into the public domain. I make no excuse whatever for that because that is what we are trying to do here. I thank the noble Lord very much for his contribution and support just as I thank

[LORD EMPEY]
the noble Lord, Lord Reid. When we discussed the Bill last time, the noble Lord, Lord McAvoy, also contributed on behalf of the Labour Party. We appreciate all those matters.

The noble Lord, Lord Browne, mentioned fairness and transparency. Those things have been sorely lacking over the years. My noble friend Lord Lexden used the dreaded phrase "devolve and forget" with regard to devolution. With the circumstances in which we find ourselves in Belfast at the moment, I sincerely hope that we see that devolving and forgetting does not work. We know that it is not a good policy. My noble friend Lord Lexden also mentioned Airey Neave and what happened in March 1979 and standing up for victims. He has been one of the most consistent and persistent supporters of Northern Ireland over his lifetime and we greatly appreciate that.

On the Minister's response, in my speech I quoted what Prime Minister Cameron said in 2011 and what the noble Baroness, Lady Warsi, said in 2014 and said that they were totally inconsistent—one excluded the other. The Minister used a phrase that I welcome when he said that Her Majesty's Government would now be prepared to pursue more openly and communicate more effectively with victims. He used the phrase "seek redress". That is an improvement in their position because in 2014 they were saying that they would have no involvement whatever. The Foreign Secretary hosted a meeting with Alistair Burt. Our ambassador to Libya was present as were a number of officials, so he was taking the matter seriously. I believe that his approach is beginning to focus the Government on doing something about this.

Look: we all know that the people of Libya were the principal sufferers over the regime of Gaddafi. The country was a personal fiefdom. It was brutalised. People were disappeared and murdered and treated appallingly. We are not seeking to ignore them or to set those people aside. But the people of Libya have to understand that they are not alone. People in this country have to be taken into account. It is the first duty of Her Majesty's Government to protect their citizens. That is the first and important duty of government. I attended hearings of the Northern Ireland Affairs Committee when a number of other persons were present including the former Foreign Secretary Jack Straw, and when the question of compensation was raised he said that people had already received compensation. Many of them may have from the British taxpayer, but it is not the British taxpayer who should be paying. It is the people who perpetrated and provided the material so that the terrorists could operate in this country. There is a state-to-state issue here. I think we can claim today that the Government have moved from their position of saying that it is purely a private matter to saying that there has to be state-to-state involvement. The two are not mutually exclusive, but that represents a step forward, and I welcome it.

Reference was made to Jim Fitzpatrick in the other place. He has been a stalwart campaigner. I attended a debate that he had in Westminster Hall last year. He was present when we met the Foreign Secretary a few weeks ago, along with the group chair, Andrew Rosindell, the Member for Romford. We have quite a substantial amount of support and we meet from time to time, so this is not a party issue. This is a parliamentary issue. It is a national issue. We do not know the politics of the people involved and it is none of our business. The fact is that a group of our citizens have suffered directly as a result of the actions of the state of Libya under the Gaddafi regime. While people will be free to take private cases against individuals who they know or believe were involved, this is not a matter that the Government can sit on their hands over. I hope that the contribution that the Minister has made today when he said that the Government would seek redress implies that they will actually do something.

I hope that the Minister will be able to anticipate that, if we do not see that redress is being sought—and sought in a proactive way—I am quite certain from what all noble Lords have said in their remarks that we will be back to ensure that this matter does not fall down through the cracks. We have brought Bills forward two years running and we will bring them forward every year if we have to. It is not something that we will give up on. If it takes letters and delegations—whatever it takes—we will persist. The Government must realise that this is not something that can be put on the back burner any more. That will not happen. I think that there is unanimity in the House on this matter and I hope that a message can be brought back to the Foreign Secretary to say that we appreciate that he is taking the matter seriously but, to coin a phrase, we are not going away. With that, I ask the House to give this Bill a Second Reading.

Bill read a second time and committed to a Committee of the Whole House.

Unpaid Work Experience (Prohibition) Bill [HL]

Second Reading

11.09 am

Moved by ***Lord Holmes of Richmond***

That the Bill be now read a second time.

Lord Holmes of Richmond (Con): My Lords, I thank all noble Lords who have signed up to speak in the debate and I look forward to hearing their insights and considered views as we progress. I would also say to all Members in the Chamber and to the wider audience watching the broadcast that they can join in the debate by contacting me by email and accessing the hashtag "#PayInterns". We want to keep the pressure up on this issue both within the House and right across the country through the use of social media. I thank all the organisations which have helped in the preparation of the Bill and for providing briefings for myself and other noble Lords. I thank the staff of the Public Bill Office in preparing the Bill itself, and in particular the Social Mobility Commission, the Sutton Trust and the fabulous Intern Aware, a campaign started by young people—including not least Ben Lyons who is one of the founders—who were at a stage in their lives when they were incredulous that it

could be the case that people would be asked to do work for no pay in 21st century Britain. I should also like to offer my thanks to my honourable friend in the Commons, Alec Shelbrooke, whose assiduity—is that a word? It is now—on this issue over several years has played no mean part in my being able to bring forward the Bill before us today. As is often the case in the legislative process, I am standing on the shoulders of many individuals both within Parliament and far beyond.

Why do we need this Bill? In 2017, employment is at record levels and unemployment is at similarly record low levels. That is good, but what is not so good is that we are currently seeing a boom in unpaid internships, where young people and indeed people of all ages are being asked to give of their labour for no remuneration. The Prime Minister has said many times in various speeches that we want to be a nation that works for everyone. I agree with her, but the nation is in no sense working for everyone while we still see the perpetuation of pathways of privilege. They have nothing to do with merit and nothing to do with talent. The pathways of privilege are where people are able to secure unpaid work opportunities on the basis of being fortunate enough to receive family funding or, indeed, to have access to the family's black book. If noble Lords doubt this, YouGov research clearly shows that only 4% of those polled said that they would be able to take on an unpaid internship with no financial difficulties. Wilberforce slammed the door on slavery in the 19th century; we had the national minimum wage legislation in the 20th century; how can it still be, in the fifth-richest economy on the planet in the 21st century, that we are still asking people to give of their labour for no financial return?

What does the current law say? It says that if there is a relationship between an individual and a firm with clear obligations, the individual is a worker and is entitled to the national minimum wage. The law is clear, so why are we having this debate? What is not so clear and easy to prove is that you are a worker who should get the national minimum wage. In fact, it is quite easy for businesses and employers to get around the legislation in a whole series of ways, and it is getting worse. Since 2010, unpaid internships are up and internships in general have increased by 50%. More and more professions and trades now require not only a degree and a vacation scheme, but unpaid work experience if someone is to have any hope of getting a job. Time and again, adverts ask for at least six months' work experience. Never mind the quality of the individual and the quality of the degree that they have already attained. The situation is getting worse—an increase of 50% since 2010—at a time when successive Prime Ministers have been talking about social mobility and enabling talent.

Further research shows that 30% of graduates are reporting that they have had to do unpaid work experience with their current employer, a figure that rises to 50% in some professions. Half of the people in a profession will have had to do unpaid internships in order to get across the threshold. As I have said, 4% report that there is no financial barrier for them, which leaves 96% for whom clearly there is. Some 40% of people report that they have sought internships but have had to turn down the opportunity through a lack of financial means. I believe that the current situation, with these practices, can be summed up quite simply: "If you want pay, go away".

Worse than that, some organisations representing businesses are offering template letters that enable organisations to take a route which avoids the national minimum wage legislation. As noble Lords, in particular noble and learned Lords, will be aware, all contracts are agreements, but not all agreements are contracts. As the current law is set out, there are many ways to avoid and evade the regulations. Perhaps even more problematic is that all of the onus is put on the individual—on the victim, if you will—to pursue a claim. How likely is it that someone who has undertaken an internship to try to increase their social mobility and build a career for the rest of their life will bring a case against an organisation? Yes, it is possible to do, as Sony, Harrods and others have found out. It is possible, but is it probable? Even if it is, is it likely to put an end to these practices?

I turn to the Bill itself. What am I seeking to achieve through this short Private Member's Bill? The answer is simple: a prohibition on all unpaid work experience—please note the use of the term "work experience"—exceeding four weeks. This will bring clarity to the whole area. I am a massive fan of work experience, as seen not least in the 2016 report of the Social Mobility Select Committee, of which I was a member. Work experience has a fabulous impact on young people because it enables them to have their first experience of the workplace. They can learn skills as well as the rhythm and routine of work.

However, are we honestly saying that a period beyond four weeks unpaid is in any sense acceptable? When I began the preparation of this Bill, my start point was zero weeks. I felt that if someone is doing something that is of benefit to a business, they should receive remuneration for their labour. Having undertaken extensive consultation, a period of four weeks seems to be what we can agree on across the sector. It is acceptable in that it will not have any adverse impact on work experience opportunities, but it would put a clear stake in the ground and bring clarity to the position. After the four-week period, an individual will be unequivocally entitled to the national minimum wage; indeed, for clarification, they are entitled to that wage during the work experience period as well, in particular if they are working as an intern as opposed to doing work experience, being in a shadowing scheme or something of that nature.

The Bill would reverse the onus so that no longer would it be for the individual to bring a case; it would be for the employer to prove that the individual is not a worker. It would eliminate many of the difficulties in terms of bringing claims and the whole prosecution process. Moreover, it provides clarity for employers in terms of how to treat interns. How should you treat them? The answer is to pay them. I believe, too, that talking about pay empowers interns, whereas at present the subject simply cannot be raised—it is not in any sense within their grasp to bring it to bear because of the nature of the power relationship in which they find themselves.

[LORD HOLMES OF RICHMOND]

It is fair for me to consider some of the arguments against such a measure. Perhaps small businesses believe that they would not be able to afford to pay interns. The Bill introduces a four-week period for work experience in which an employer can get to know the employee and the employee can get to know the employer, but after four weeks why should the person not be paid? Is the business saying, "We are unable to survive without the labours of that young person being given for free"? If that were indeed the argument, I think we would all draw some significant conclusions about the nature of that business, both economically and ethically.

However, the Bill is not so much about small businesses; it is more about the larger, more prestigious organisations that offer these schemes. Possibly most concerning of all is that some of these so-called prestigious unpaid internships are seen as better and more prestigious for the individual than if they had undertaken paid work experience or internships with a different employer. That could be an argument against my Bill. What about the view of bigger businesses? Sixty-six per cent—two-thirds—say that they are in favour of the four-week limit. I could cite many but, to pick one at random, KPMG says, "We have a culture that respects hard work", but clearly part of that respect is shown by remunerating that hard work.

Some argue that the Bill will not increase opportunities but will simply mean that all these internships disappear. If they are able to survive only on the basis of people working for free, with only 4% of the population of that age saying that they can undertake them and 40% having to turn them down, I do not think that that will be a great loss. It would certainly be no drag on social mobility or advancement or on economic growth for this country.

I turn to a more interesting claim concerning volunteering. I have had a lot of representations from volunteer organisations. The Bill as currently drafted will have no impact on the great work that volunteers do for many different organisations and many parts of our society. However, I hope that it will stop long-term unpaid internships that some charitable and third-sector organisations provide. The aim of a charity may be incredibly laudable, but that end is never justified by the means of having interns who, often for many months, if not years, work for no pay. That is a quite separate matter from those who volunteer and freely give of their time to great charitable causes.

Therefore, the Bill is about fairness and equality. However, if neither of those two things float your boat, I argue that it is also simply about talent. As I have said, 4% of young people can undertake unpaid internships with no financial difficulty, but why would a business want to exclude 96% of the potential talent pool from their organisation? Surely any business would want to try to attract the brightest and the best.

I ask the Minister whether the Government will support the Bill. If not this Bill, what Bill? What action will they take to end the pernicious practice of unpaid internships? They are a pathway of privilege—a route into some of the best jobs and brightest professions of our time. Surely the role of government is to enable and empower. Surely if we want the best businesses, the best public sector and the best third sector, we as a society, and we as a Parliament, need to state very clearly that we are calling time on any organisation or business that asks people to give of their time for no remuneration.

I would like to raise with the Minister a number of other issues allied to the Bill, although in no sense am I offering them as alternatives. I believe that the Government should consider all these issues alongside, not instead of, the Bill. If the Bill were passed, the matters that I am about to raise would need far less government intervention.

The first is massively to increase awareness among employers not just of the current legislation but of the Government's view that unpaid internships are no longer acceptable. The higher education and university sectors should be asked to do much more to educate and inform graduands and graduates about their rights. The current law states that, if you are a worker, you are entitled to the national minimum wage. You should not feel that you have to do, and you should not accept, unpaid internships because, even if you can, you are standing on the shoulders of others and holding this nation back.

Regarding the whole reporting and regulatory sector, I believe that there needs to be a massive increase in and widening of reporting in this area, not least enabling third parties to report. HMRC needs to look across all the advertising websites, newspapers and outlets. Many of these advertisements are in plain sight—they are right there, ready for HMRC to go after and put an end to. This was brought up in Matthew Taylor's review published earlier this year, in which he clearly highlighted that he felt that, when it came to unpaid internships, HMRC's powers were far from satisfactory. Does the Minister agree? Will he say when the Government will respond to the Taylor review and whether they believe that the review, as published, went anywhere near far enough?

There is then the whole question of penalties. When we are looking to increase penalties in a whole series of areas, it seems particularly pertinent to do so in this one. If you fell foul of the current legislation, you could be compelled to pay the wages that you should have paid. That would hardly be a penalty; it would merely be a case of doing what you should have done in the first place. Will the Minister consider looking at penalties? A dramatic increase in penalties in this area would be not only appropriate but a very positive step towards ending this practice.

I believe that there is a role for business—small, medium and multinational—to use their power and influence, and to state categorically in all their communications that not only do they not engage unpaid interns but they have no truck whatever with the practice. A key way in which they could do this would be through procurement, saying, "We will not procure from you if you use unpaid interns".

Naming and shaming could be incredibly positive in this area and across all sectors, and it should start right here and right now in this Chamber. To Conservative, Labour, Liberal Democrat, Cross-Bench and Scottish

nationalist Members at both ends of the Corridor, we should say, "If you use unpaid internships, you have no comment to make about progress, merit, talent or social mobility". We have to lead on this. I ask my noble friend to comment on what is happening in Whitehall, where there have been clear illustrations of how progress can be made when there is a commitment to this matter.

I conclude not with my words, nor the words of briefing or of Ministers or previous Members, but with the words of perhaps the people we should be listening to most: those who have suffered unpaid internships. As somebody from the broadcast sector said, "You can't pay the rent with a glowing CV. You can't buy food with exposure". Somebody else from television described these practices as "cruel" and "pointless". Perhaps most pertinently, somebody from the creative industries said, "You begin to doubt yourself and your self-worth". Quite so. That is the impact on many more people, who feel the shame and embarrassment of having been engaged in these unpaid internships, who feel as though they had no choice and really do not want to talk about, as they describe it, that "shameful episode" in their lives.

This is about empowerment, enablement, fairness, equality, dignity, respect and talent. This is for the hundreds of thousands of individuals who have in the past suffered the shame of unpaid internships; for the tens of thousands of people who currently find themselves in that same situation today; and for a better Britain of tomorrow. Let us not just give the Bill a Second Reading; when the time comes, let us give it safe, swift passage into statute. I beg to move.

11.31 am

Baroness Morgan of Huyton (Lab): I applaud the noble Lord, Lord Holmes, for bringing forward the Bill and for his brilliant speech. Frankly, I think he said it all for us.

I draw attention to my interests on the register. I should probably add a personal interest too: I have somewhat lived this subject since my son set up the campaign group Intern Aware—to which Lord Holmes referred—with a friend at university. My son is now 27, and still campaigning, so this issue has been going on for quite a while. It is interesting that the type of legislation needed has become crystal clear.

My more pertinent interests are these: I advise the education charity Ark, which has academies and free schools in London, Birmingham, Portsmouth and Hastings, all serving very disadvantaged communities. I also chair Ambition School Leadership, a charity that trains and develops hundreds of school leaders each year—from heads of departments through to senior leaders, head teachers, executive head teachers and CEOs of multi-academy trusts—in challenging schools, all serving poor communities and all working with disadvantaged young people.

I understand why the Bill is needed and how tough it is both to raise the aspirations of young people in many of these communities and to open up opportunities in a proper and fair way. At times, it almost feels as if every time progress is made and barriers are broken, a new barrier is erected, to make progress for disadvantaged students more difficult again. The new barrier, in the last decade or so, is unpaid internships. About a third of graduate internships are still unpaid and, as we know very well, some sectors of the economy, such as the creative industries and media, are particularly bad.

Some 62% of businesses take on interns. Many of those are in London; there are more in London than anywhere else. So what does that mean for someone living outside London, with no contacts or family or family friends who can help? We have all had briefings from the Sutton Trust, the Social Mobility Commission and others. I will not rehearse them all; we all know them. Suffice to say, as a country, we need all the talent we can develop.

What I love about the Bill is that it is simple, practical and pragmatic. I know those are not necessarily terribly popular things at the moment, in any of our parties, but often the best legislation ticks those boxes. What is clear is that the Bill does not confuse a couple of week's work experience, which all of us would support, with an unpaid internship, which is where we have to take action.

In July 2016, the newly elected Prime Minister, Theresa May, said:

"We will build a better Britain not just for the privileged few".

Here is a very simple, straightforward chance to do just that. This issue has gone on long enough. There have been enough reviews and enough prevarications. Will the Government sort it out?

In this House, on 11 March 2015, the then Minister, the noble Baroness, Lady Neville-Rolfe, in response to an amendment on this issue from the noble Lord, Lord Mitchell—who has also been dedicated to trying to sort out this issue for a long time—said:

"Internships are not formally defined and therefore the Government do not collect reliable information on a consistent basis that would allow the robust provision of data sought in the amendment. The Government have undertaken research on wider issues that may relate to internships, such as social mobility. We need to be properly informed of the issues around internships to ensure that policy is set appropriately to maximise flexibility and prevent exploitation. As part of our employment status review, the Government are gathering information through consultation with stakeholders to understand both the current position of groups in the labour market and whether future changes are appropriate. This includes internships and will no doubt provide useful information and data for future discussions … There must be more that the Government can do—that is why we have undertaken a review of employment status".—[*Official Report*, 11/3/15; cols. 720-21.]

As we know, that review of employment status has now reported. In his review this year, Matthew Taylor said:

"There have been calls for a separate 'intern' status in employment law but we believe this is unnecessary … If a person is obtaining something of value from an internship, they are most likely to be a worker and entitled to the National Minimum or Living Wage. The Government should ensure that exploitative unpaid internships, which damage social mobility in the UK, are stamped out. The Government should do this by clarifying the interpretation of the law and encouraging enforcement action taken by HMRC in this area".

We have had the clarity and the research and we have the data. This has gone on long enough. If the Government do not say clearly that they will sort out this unfairness, this ceiling on opportunity, we can

[Baroness Morgan of Huyton]
collectively draw only one conclusion: it is all warm words. I look forward to hearing a clear response from the Minister.

11.37 am

Baroness Stowell of Beeston (Con): My Lords, I refer your Lordships to my entry in the register of interests. I am a board member of Impellam Group, a staffing and recruitment company. First, I congratulate my noble friend Lord Holmes, not just on introducing the Bill but on the way in which he began the debate. He made a very powerful speech.

A few months ago, I went to see a young theatre production at the Almeida, called "Bait". It was put on by young people and about young people's lives. The big message I took away from that production was that young people feel they are being lied to. It was quite shocking, but when you start to hear more about how they are treated in the world of work, then I do not think we should be surprised at all.

In preparing for my contribution, I spoke to a young man in his 20s. I have known him since he was born; I know his mother very well, and over the last two or three years, she has told me of his experiences in trying to find permanent work. I thought I would speak to him directly and learn more about the issue. Fortunately, he lives in north-east London, so has access to some of the great opportunities here, but does not come from a privileged background. If I say he spent his early life living with his mum in a bedsit with no central heating, you get the picture. He is a very creative and talented young man. When he talks about some of his experiences at proper, well-organised work experience placements, it all sounds pretty good, as though the placements were well designed. There were no problems. However, even in big corporates, when he has been with them for a week or two and they have promised to pay his travel and lunch expenses, after the event, they are not very forthcoming in paying that money. For some reason, when it is just £75 it takes a long time to materialise, if at all. Somebody like him does not feel well equipped to pursue that matter.

For the last three years he has been trying to get a permanent job. What he told me about that I found most concerning was things called work placements. These are the kinds of arrangements where firms will say, "Come and work for us, get some work experience and there might be a job in it for you at the end of a few weeks". When I talked to him I asked him to send me some examples to illustrate the experience he has had. I will share with your Lordships some things he sent me. This is him speaking:

"A number of placements kept reassuring me that I would be paid after one month … but once the month was up I was given excuses as to why I had not been paid yet. You hope that by working for a month you will impress your employer and that you will start to be paid (this isn't always the case)".

Another example was:

"One office job promised me a full time role with pay and kept hinting that a certain position was available to me. I went to the office one day and was told I was being let go for no specific reason and was thanked for my work".

He also said:

"Another placement hired me for nearly 3 months. I had worked overtime for them, including evenings, weekends and extra days. One day they stopped all communication with me. After some time had passed I contacted them as things had gone quiet and I wanted to know about future work. They never replied to me at all (no phone call, text or email) this was a production company and this is usually the norm of behaviour when it comes to communicating",

by the employer. He also said:

"I was also let down before a job had started with one particular company. I was promised an induction day followed by a week's trial and training as an office receptionist. As the employer did not stay in regular contact, I emailed them the day before the induction was to begin to confirm the date and I was given a reply stating that the position had been filled. (If I hadn't of contacted the company I would have turned up to my induction completely unaware of this).

Unfortunately when it comes to internships and pay nothing is ever given to you in writing. Most employers will only make verbal promises about paid work.

Most of my internships have been very frustrating, especially when you work hard and you prove yourself time and time again by demonstrating your passion, work ethic and commitment, but to no avail".

I do not know about your Lordships, but I would find it hard to keep going if that was the way I was being treated time and again. I said to him, "Why do you keep going?" He said, "Well, I don't really have much choice. You hope one day this will be the one so you keep going". Our young people are being exploited and it is just not good enough.

That is just one person's experience. He told me that his friends who are also trying to get into various different working environments and sectors have experienced the same thing. His experience is not unique. I do not know whether my noble friend's Bill is the right solution to this problem. I will listen very carefully to my noble friend the Minister, but I do know that the current legal and regulatory regime is not working. Young people feel powerless. Because of that, our young people are being exploited. That has to stop.

I have one final point. Yesterday we debated intergenerational fairness. I made the point that one thing that unites older generations and the very young is their shared desire for honesty and clarity—from talking to my young friend I learned that you can understand why. One of the points he made repeatedly to me about his experiences was that the person he was usually dealing with when trying to get work was in their 30s or early 40s. He felt they had a very different attitude from his and the sort expressed by his parents and his teachers. We have to bear in mind that the generation that came before the one that is now trying to get work entered the workplace at a boom time in the economy. Our current youngsters are trying to get work in much tougher situations. The intergenerational gap of knowledge and appreciation is quite stark between this generation and the one just ahead of them, yet the one ahead of them is in control of giving them work. That is another thing that is not necessarily for my noble friend to respond to today, but it is something for us to reflect on when we think about wider issues.

11.45 am

Lord Mitchell (Non-Afl): My Lords, it is of course far fetched to refer to unpaid interns as slaves. They are not owned by anyone, they are tied to no master and they do what they do through personal choice—and they can quit whenever they choose. But in one respect unpaid interns have a comparison with modern slavery: they receive no payment for their labours. It is a practice that is immoral and needs to be stopped—and it is our duty to stop it. That is why, just like other noble Lords, I am immensely grateful to the noble Lord, Lord Holmes of Richmond, for securing this Second Reading. I wish him godspeed in progressing this Bill through Parliament. I also congratulate him on his magnificent speech.

My interests, which I declare, are pretty pertinent to this debate. I speak with some experience. I chair a graduate recruitment company called Instant Impact Ltd. Previously it had been called Instant Impact Interns, because in the early days back in 2011 most of our business came from placing interns with employers. I stress that every intern we placed was paid at the very least the minimum wage. Like many other start-up companies with limited cash, it would have suited our restricted cash flow very well if we could have employed in-house interns without payment—but that of course was never entertained. With two young founders who themselves were scarcely out of university, it went absolutely against the grain of everything the company stood for. I say this because yesterday I had lunch with somebody who invests in start-up companies that, to my absolute horror, employ graduates—even MBAs—who receive no payment as interns. When I expressed my shock, which he saw, he said, "Well, if we had to pay them we'd go out of business". My answer was, "Then go out of business".

Regretfully, I say that many of these start-up companies—not just commercial companies but charities and other organisations—do not take this approach. To our shame, even in your Lordships' House and in the other place there have been unpaid interns—a fact that is to be deplored. Many fashion houses, art galleries, publishing houses and advertising agencies do the same. Why do they do it? Because they can. Young people clamour to work in sexy, exciting companies. Even those that, if not exactly sexy, have great prestige, such as your Lordships' House, are able to take advantage of that. Several years ago, at a glitzy dinner for the super-rich, an internship with a major fashion magazine was auctioned for tens of thousands of pounds. I know that to be true because I was there. I was horrified.

The reason why graduates are prepared to work for nothing is obvious: such are the demands for a well-crafted CV that anyone who can will work for nothing. For most normal families who have underwritten their children through university, it becomes an intolerable extra burden to pay even more to support their child through one or more internships. As has already been mentioned, if the job is away from home and in a big city, the costs can be enormous.

Unpaid internships are hugely divisive. It is simply not fair that the quality of a CV is so stacked against those whose parents cannot pick up the phone and get them an internship. It is equally unfair that underpaid internships are taken by those who are already privileged. If we as a nation are trying to encourage young people from less well-off backgrounds to compete with those who are more privileged, then ensuring that interns receive a living wage will go some way to redressing this divide.

I must caution the noble Lord, Lord Holmes, because I can anticipate what the Minister will say by way of reply. I make this prediction because several years ago, as has been mentioned, I raised this issue in your Lordships' House and received an unsatisfactory reply. The Minister said that legislation was already on the statute book to ensure that interns who worked for more than four weeks would get paid at least the minimum wage, so no further legislative action was required. I urge the noble Lord not to accept this answer, because the facts on the ground do not substantiate this claim. According to the Social Mobility Commission, there are 70,000 interns in the UK, up to half of whom are working unpaid—35,000 unpaid interns. It is quite clear that current legislation has not prevented this unsavoury practice. Therefore, my question to the Minister is: how many examples have there been of an employer being successfully prosecuted for avoiding paying an intern? This Bill will not solve the problem, but it will go some way towards creating equal opportunity in the workplace and it deserves all our support.

11.51 am

Baroness Brady (Con): My Lords, it is a privilege to speak in this debate today, not least because it is on a subject about which I am hugely passionate. I fully support the aim of the Bill, which is to ensure that all work experience placements that go on longer than four weeks pay the national minimum wage. Others have spoken with great conviction, in particular the noble Lords, Lord Holmes and Lord Mitchell, on the issue of internships, all of which I fully support, but I shall focus my remarks on the importance of work experience and the role it can play in getting young people ready for the workplace.

Work experience is just that; it is a taste of the workplace, allowing some understanding of what it is like, in order to enable young people to make one of the hardest transitions we all ever have to make in our life: moving out of education and into work. It helps young people understand what careers might be right for them and what they can expect when they get into work, but it is very obviously not a job. They are not doing something an employer needs to have done for no cost. It should be for the employer to tailor a programme that gives participants as much exposure to the realities of the labour market as possible, as well as some insights into that particular sector.

One of the biggest challenges employers face is that school leavers are simply not ready for work. They can lack even basic soft skills, such as confidence, engagement, conduct and punctuality. That is why I am very proud to be associated with what Barclays is doing with its LifeSkills programme—I declare an interest as an ambassador and as chair of the LifeSkills council. It offers young people the chance to build job-hunting toolkits, helps them with CVs, covering letters, LinkedIn

[Baroness Brady]
profiles, and even the role of social media in improving an application or a CV in order to get a job. It offers interactive challenges to help young people identify the skills they may already have, to help sell those to an employer. Most vitally, it offers a portal to help young people access real work experience opportunities—but, crucially, work experience that is relevant to them, so they can see for themselves if the career they have thought about is what they expected. LifeSkills is completely free of charge and has helped 5 million young people gain valuable skills to be work-ready and organise work experience.

It has even had to offer virtual reality work experience to help bridge the gap. This is a video-based programme in which a young person can journey through a day of what it would be like if they were at work—meeting virtual colleagues and completing virtual tasks. That is because even though 66% of employers believe that work experience is valuable in recruiting young people, only 30% actually offer it. This means that it is for employers to do more in offering these placements to young people, and it is in their interest to do so. So I think we need a change of mindset from one in which employers think of work experience programmes as something they can exploit to get something done for nothing, to a community-based approach where a business asks: what can my business do to give a young person the support they need to make the transition to the workplace and get on the road to having a career? Instead of complaining about the skills pipeline, employers should step up and do something about it. They should ask what they can do to offer more quality workplace experiences and be ambitious and creative about how they do it.

This is no longer about free labour, as the Bill makes clear; it is about making a contribution to improving the life chances, skills and workplace readiness of a young person, as well as finding possible recruits for the future. Now, what business would not be interested in that?

11.55 am

Lord Flight (Con): My Lords, I congratulate the noble Lord, Lord Holmes, on bringing this Bill forward and I very much hope that the Government will support it. Work experience internships are an extremely good idea in themselves, as the noble Baroness, Lady Brady, has just pointed out, helping people to go along the road towards employment; the problem is that, clearly, if they are not paid, only those who have parents who can afford it can take part. So it is socially divisive and unfair for internships not to be paid. Work experience lasting more than a four-week period obliges thereafter the payment of the minimum wage. I must say that I do not really agree with the four-week qualification period; that is still a problem. A lot of internships will be in London and the cost will in the order of £1,000 a month.

My experience, and I declare my interests as in the register, has been of providing internships at Metro Bank, where we pay the London rate from the first day people arrive and all the way through their internship. I am quite concerned that the four-week qualification period may get used to limit internships to a four-week period so as to avoid costs. Often, it is desirable for internships to be longer.

As noble Lords are aware, the legal background is that the National Minimum Wage Act 1998 did not specifically provide for work experience internships as they have developed substantially since then. Work experience does not usually meet the Act's definition of work, where payment of the minimum wage is required. It is extremely constructive that this Bill provides a full definition of internship work experience as,

"observing, replicating, assisting with and carrying out any task with the aim of gaining experience of a particular workplace, organisation, industry or work-related activity".

This is a far wider definition than one of just work, and it is necessary if the 1998 Act is to be effective in requiring payment for work experience.

Internship work experience has become a key part of young people getting a job, especially in the professions, quasi-professions and design territory; and as others have pointed out, there are some 70,000 work experience internships going on every year, around half of which are unpaid. Interestingly, around half the employers participating regard candidates without internship experience as having little or no chance of getting a job, so it has become a prerequisite for employment in many areas. Clearly, unpaid internships are socially divisive, as I have said, as the less well-off cannot afford them. Some 40% of those considering applying for an internship are put off by the costs, and 39% of those offered an internship turn it down because they cannot afford it.

The 1998 Act requires workers to be paid but, as I have just pointed out, an intern does not fit its definition of a worker. For an intern to count as a worker, the firm and the individual need obligations to each other. For example, if there is no obligation to turn up to work, you are not classified as a worker.

The Prime Minister, speaking recently at the launch of *Good Work: The Taylor Review of Modern Working Practices*, stated correctly that,

"employing unpaid interns as workers to avoid paying the National Minimum Wage is illegal".

But I think that misses the whole point: the need is for interns to be paid, whether or not they do work or fit the definition of a worker.

It is time to treat internships and work experience as part of the formal labour market. Those doing them should be paid at least the minimum wage, preferably without a four-week qualification period. It is unlikely that this would reduce the number of internships. The YouGov poll pointed out that it would not affect the offering from about 72% of employers, or that they might even add to it. I trust that the Government will listen to my noble friend Lord Holmes and to this debate, and address an issue which is otherwise unwisely socially divisive.

12.01 pm

Lord Winston (Lab): My Lords, I congratulate the noble Lord, Lord Holmes, on his altruism, the way that he has produced this Bill and the sentiments behind it. I will yet again violently disagree with my

noble friend Lord Mitchell—I am always having arguments with him, as I will on this occasion as well. I am surprised to congratulate the noble Baroness, Lady Brady, on getting to the kernel of this matter. I completely agree with her. The Bill is of course extremely well-meaning but it has deep flaws and, as it stands, would prevent the very things which the noble Lord, Lord Holmes, would like to promote. The real issue is that it would discriminate against the people he wants to promote.

My father died when I was nine and my mother was left destitute. I realised only recently, reading some of the things she wrote when I was a teenager, just how poor she was and how she managed. I went to do my first work experience—unpaid, of course— when I was just of school leaving age. As it turned out, I worked as an assistant caretaker in a girls' school, clearing the gym. It was a very exciting experience for me and it might well have shaped my subsequent career—I am not certain. Thereafter, I spent a couple of months in a radio factory playing around with electronics. Those two jobs focused two aspects of my career. They made me understand, for example, what it was to be in a work environment, and talking to the man lagging the pipes in the basement of that school made me understand the issues associated with industrial diseases, which turned out to be quite important during my medical career.

To be serious for a moment, there are many types of employment in this country for which work experience is extremely difficult to get. For example, the National Health Service is a disgrace in this aspect. It is very difficult for young people to do any kind of useful work experience in the health service but unless they do, they cannot then apply for a course—whether that be in nursing, medicine or any of the other caring professions—at university. In fact, I had a letter this week from a 19-year-old who wants me to help her with her work experience but as I am not now employed by the health service, I know it is appallingly difficult for me to help her get any kind of experience in a hospital. It is important for the noble Lord, Lord Holmes, to understand that if we pass the Bill, working for a month as a hospital porter or any kind of really trivial job in the health service will probably be insufficient for most people. That really needs to be looked at in this circumstance.

I want to mention my middle son, Joel. When he was just at school leaving age, my lab was having great difficulty with a piece of analysing equipment the purpose of which was to understand various proteins and sugars. None of us scientists in the lab could get the damn thing to work, even though we had spent some hundreds of thousands of pounds on it, and because it was out of warranty we just left it on the shelf. Joel came in, looked at the machine and, having worked with the scientists for about a month, suddenly found himself quite useful. He took it apart, fiddled with it and, using his electronics expertise, after about six weeks he got the thing working so well that he ended up being named on the paper when the work was published. It would never have been published otherwise and it was his first scientific publication. I do not doubt that that achievement helped at his interview when he went to Cambridge, as he was obviously able to talk about how he could work in a laboratory profitably.

One very common problem in science is that people who come into a laboratory for just four weeks are not only useless but dangerous. They can make your work more difficult and destroy things. It takes a lot of experience. At the moment, I have a place for somebody who I would love to see as a research assistant but I know that for the project I am involved with, it would take a minimum of two months' intensive training before we could find somebody suitable. That will of course cost us quite a lot of money and time. Thereafter, one might well be able to pay such a person, but that is important.

Finally, I will mention one thing which is close to my heart at the moment. Just this week, I am applying for some intellectual property which we think we will exploit. With some luck, I believe we may revolutionise one aspect of reproductive medicine. One of my junior colleagues who works with me at the Genesis Research Trust at Hammersmith Hospital is largely involved with this work. She came to me as an undergraduate student, while doing a scientific degree in another university, and said, "I think I've made a mistake. I really would like to work in a research laboratory. Could you accommodate me during my holiday?". She worked throughout her entire holiday, for two months in the summer and again over Christmas. She was of course unpaid but she became extraordinarily good at that work. At the end of her time, she said, "I've been looking at what you do and I want to apply for medicine". She did not come from a privileged background; it took a long time for her to get into medical school. Eventually, having qualified in medicine, she got a particularly good degree and in the same year, remarkably, having got that she applied for membership of the Royal College of Obstetricians and Gynaecologists, and of the Royal College of Physicians. She got both those extremely difficult exams in the same year and has now completed her PhD doctorate.

This young scientist now has the most promising career ahead of her, which would not have been possible had she not had that long-term contact in the lab. Eventually, of course, we found work for her and she was paid, but there was no possibility at all that she would have been taken on under the rules of the Bill. The noble Lord, Lord Holmes, must understand that if we put the Bill in place as it stands, it will be more difficult for people to come into the health service or into highly technical jobs to get the kind of training and experience which is necessary to progress their career. That is a very damaging aspect of the Bill, and I wait to see how we can amend it as it goes through the House.

12.08 pm

Baroness Jenkin of Kennington (Con): My Lords, what an incredible privilege it is to speak in another amazing debate in this House, made all the more powerful by the individual stories that we are hearing. I pay tribute to my noble friend Lord Holmes, not just for his powerful arguments today but for his inspirational

[Baroness Jenkin of Kennington]
work, not only on the Bill but on social mobility and related matters. He is a fantastic role model and this Chamber is lucky to have someone of his experience leading on the Bill. As a result of his media performances over the past week or so, many more people are now aware of the issues. The Bill has much support from many organisations and, certainly, from many individuals who feel that they are missing out under the current rules.

I understand that the Government feel that the Bill is unnecessary because interns are already eligible for the national minimum wage, if they meet the definition of "worker". But there are loopholes and a lack of clarity, as the noble Lord has pointed out. I urge the Government to think carefully about the questions raised in the Chamber today.

Katherine was an unpaid intern at a charity working on anti-slavery and poverty projects. She lived in Essex but the charity would pay London travel expenses only, that is a London travel card each day. At the end of the month, Katherine was hundreds of pounds out of pocket. She said: "When I look back on it, it was a huge expense for me at the time. Internships are only for privileged people living in the capital. I don't come from a well-off family; my dad is a labourer and my mum works in a call centre. The internship definitely opened doors for me; it was all I talked about in my interview for my current job, but the irony of working for free while working on anti-slavery and poverty reduction projects was not lost on me".

I have a girl helping me at the moment—paid by me—who is currently working as a paralegal in a paid internship. She has done two completely unpaid internships and one internship with expenses only. She had no idea that there was even the opportunity for her to be paid under the current legislation.

The number of internships has risen dramatically, and 31% of university graduates working as interns are doing so for no pay. As we know from the briefing we have all had, the Sutton Trust estimates that there are at least 21,000 unpaid interns working in the UK at any one time. Dr Angus Holford, of the Institute for Social and Economic Research at the University of Essex, used the destination of leavers from higher education to study what happened to students who were on unpaid internships six months after graduating from their first degree. The study confirmed that graduates from better-off backgrounds were more likely to be accepted for good internships that promise a relatively high labour market return.

There are increasing examples of best practice too. Imperial College Healthcare NHS Trust has recently changed its work experience programme. Medical work experience on your UCAS form is critical to gaining an offer from a medical school. Imperial now liaises directly with a wide range of schools and gives work experience to those students the schools recommend rather than dealing with hundreds of parents. I believe other organisations should follow that example. On average, people complete seven placements before getting a job, which illustrates how important they have become in securing full-time employment and the potentially far-reaching consequences for those unable to land them.

Before I sit down I would like to raise the related issue of youth full-time social action and make the point in the strongest possible terms that this is completely separate from unpaid work experience or internships. Charities utilising full-time volunteers are exempted from minimum wage legislation under Section 44 of the 1998 Act which covers the definition of voluntary workers. The main issue the Bill raises for organisations such as City Year UK, which I have a relationship with, and other charities that deploy full-time volunteers is that it once again underlines the need for a distinguishable legal status for those participating in youth full-time social action in order to clarify how it is different from unpaid work experience and internships and better to support and recognise full-time volunteers. Youth full-time social action can change lives, and full-time volunteers deserve so much more than to be categorised as NEETs. I urge the Government to look at this issue.

Modern day slavery is thriving and is part funded by the rise in unpaid internships. My noble friend Lord Holmes has made a powerful argument and I hope the Government will look very carefully at the issue.

12.13 pm

Lord Thurlow (CB): My Lords, I welcome the Bill. I thank the noble Lord, Lord Holmes, for introducing it and for his powerful speech. I do not think any of us can doubt that the core principles—preventing exploitation and abuse by employers and proper pay for a job—must be good.

The point on which I shall focus is slightly different from those made so far. I embrace work placement, work experience, internships and possibly other descriptions of a similar kind. I want to draw attention to those with special needs, particularly intellectual disabilities. I am referring to those who have jobs and who are possibly slow and inefficient in the workplace by reason of their disability. They have special needs, and I am concerned because, if unamended, the Bill could or would mean that their work opportunities substantially reduce.

Early in my career I was asked if I would give work experience to the son of a friend. I was a junior person in my firm, and I did not know how to set about it. I wanted to help, but I had no idea who to speak to and I wimpishly simply said that I did not think I could do it. I was unsure how to respond. To my shame, that was the result. Some years later, I become responsible for an office. I had been living with the guilt of my earlier shame and I dedicated a desk in the office to be used exclusively for work experience. Anybody in the office who had approaches that they felt they would like to support could make the desk available for a week or a fortnight to people wanting to develop that experience. Whether that came from privilege or access did not really matter. It was not an opportunity to learn about work; it was an opportunity to learn about the dynamics of an office environment, how people interact with each other and cope in the workplace when there is a bit of a crisis or when it is just calm. That was a great success and many dozens of people went through that desk. I still live with the shame of my early decision but I was pleased to be able to try to do something about it.

However, I shall not refer just to my experience or examples. Those with disabilities working for low money rely on employers generous of spirit. Those employers recognise the special needs and the special case and try to help. These are likely to be long-term arrangements. They may be referred to as internships, but they are really employment, and they will certainly be more than four weeks. They may perhaps be semi full time. Many of these people cannot work full time and have to do shorter hours. These internships—if I can use that word—are specially designed to help the individuals not the businesses. Indeed, they may contribute to a very limited amount of the business thrust. However, the key point is that these people get up in the morning and go to work like other people. These people get up and have a job like other people. At the end of the month these people get paid like other people. The wage does not have to be the same as for others. The national minimum wage may be too much for the compassionate employer who sees the other priorities. Indeed, these interns may not be responsible with money. They may be looked after by their families or other care providers. These internships work wonders for the interns. Their self-esteem soars, and their pride in doing a job blossoms. They enjoy the dignity that that brings, as others do. It is not about the money.

I appreciate that there are great drafting difficulties involved in what I am referring to, but we take pride in the calibre of our Bill drafting teams. The objective I seek should be unambiguous. We all have a common interest in getting it right. It is an opportunity for those in need. I support the Bill and I do so enthusiastically. I applaud the noble Lord, Lord Holmes, for introducing it. Addressing this abuse by bad employers is long overdue, but I request additional drafting to exempt those with special needs from the national minimum wage. They are a special case, and they need special provision for lower wages. If the choice is that or no job, surely fulfilment and self-worth override. I therefore request that we look at adding suitable amendments at later stages of the Bill.

12.19 pm

The Earl of Dundee (Con): My Lords, I support the Second Reading of this Bill. It is a necessary and timely measure; and I join with others in thanking my noble friend Lord Holmes of Richmond for introducing it.

I would like very briefly to connect together three aspects: first, the beneficial effects and merits of the Bill; secondly, however, certain risks associated with it; and thirdly, the wider context of work apprenticeships in the UK.

The main provision of the Bill strikes a good balance. Flexibility remains for unpaid work experience up to four weeks, yet beyond that period, employers would be obliged to pay the national minimum wage to those undertaking work experience. In recognising what is unfair within the present system, several recent commissions and reports have already argued for change. In the first place, the Low Pay Commission observes the thin dividing line between what is deemed to be work—already subject to the minimum wage—and work experience, which is not. The Social Mobility Commission notices the detrimental impact of unpaid internships on social mobility, in particular in London, for those young people who are unsupported financially by their parents. And in view of the temptation to exploit work experience as unpaid labour—although a majority of employers behave decently and honourably—the Taylor review investigates the proportion and cases of those that do not, to which my noble friend Lady Stowell of Beeston, the noble Lord, Lord Mitchell, and other noble Lords referred.

Nevertheless, there is always a risk that once employers have to pay after four weeks, they would cut down on numbers previously taken on, thus disadvantaging those benefiting from current opportunities. However, recent assessments suggest otherwise. Not least do we learn from one carried out by YouGov for Intern Aware that employers are unlikely to be too much put off by the Bill, with 62% saying that they would keep up their present levels of interns, while 10% have even alleged that they would hire more. Only 10% claim that they would hire fewer. Feedback also shows that 65% of employers would support a four-week limit, with only 12% against it.

However, if this Bill may not threaten existing numbers, clearly of prime importance is that its changes should also help to consolidate and inspire improved quality and standards, as the qualifications of the noble Lord, Lord Winston, implied, and not least through a community-based approach, as my noble friend Lady Brady suggested.

In one sense, its introduction of the minimum wage moves internships closer to apprenticeships, for what is new is that participants in each of the two different schemes will now be paid. This and other elements of convergence might possibly assist better organisation, direction and efficiency.

That apart, I know that when he comes to reply, my noble friend the Minister will agree about the constant need to raise the performance of both apprenticeships and internships so that jointly they can properly serve to provide an effective transition from school to work. What plans do he and the Government now, therefore, have to enhance the quality of both internship and apprentice programmes and to reduce their current drop-out rates, making them more relevant and valuable to youth while more attractive to employers?

Meanwhile we can take heart from the Bill: its redress of unfairness and anomaly; its approval by employers and participants alike; and along with apprenticeships its scope for improving opportunities for young people as they seek work and skills.

12.23 pm

Baroness Wyld (Con): My Lords, I add my congratulations to the noble Lord, Lord Holmes of Richmond, on the Bill, on his brilliant speech and on the tenacity and passion he has shown in driving this campaign. This is only my second time speaking in this Chamber, and it is truly inspiring to have the chance to speak up on an issue that has long been close to my heart. I declare my interests as set out in the register. I am a council member of the Institute of Directors but I am expressing a purely personal view in this debate.

In my maiden speech, I spoke briefly about my background growing up in Newcastle upon Tyne and then coming to London almost 20 years ago to start

[Baroness Wyld]
my first job. I remember all too well the mix of fear and excitement. I had gone to Cambridge University from a comprehensive school in Newcastle and had a fantastic time at university, so much so that it was not until I started to think about what I might do next that I realised there was a whole other world out there—the world of contacts. My family did not have a black book of contacts, or at least none who worked in business, media, politics, publishing or the arts, and I did not know a soul in London, and that is where you were inevitably directed by careers advisers, as if there was no other city in the UK.

When we all left Cambridge, genuinely kind and well-meaning friends told me to lodge with a family friend and get work experience through a contact. By this point, I was completely baffled, so I applied for a range of bottom-rung administrative jobs and was fortunate that I landed myself a temporary role in the City on what was fair but low pay. This was before the minimum wage, but it was a fair wage and would have served me well if, indeed, I had had a friend's sofa to sleep on. As it was, after I had paid my rent, bills and transport, I was overdrawn again, month after month, by the second day of each month.

I am standing here today, so clearly life has not treated me too badly. I have been very fortunate and have gone on to have a series of very fair and inspiring employers. But I have never forgotten the anxiety and, at times, the despair of my early 20s as a single woman in London, wanting to stand on my own two feet and make my family proud. Many times I felt that I would simply have to give up and go home. That would not have been the end of the world, as I had a loving and supportive family, but it was not the independent life I had been brought up to believe could be mine.

Mine is not a story of injustice—I have been privileged—but it is intended to illustrate how hard it is to go just from a standing start. That is why it horrifies me to see that nearly 20 years later, many young people do not even get a fair start. What message are we sending out about the sort of society we want to be? I was talking to a woman in her 20s recently, and what really depressed me about the conversation was just the sense of resignation. She told me, "While we were doing our degrees we were encouraged to get work experience or internships when we finished. These were almost always unpaid, and there are countless stories of organisations that have people coming through in rolling three-month slots for no pay". She said, "To be honest, people are so desperate to get names for their CVs that often they don't push for pay, because they know there is someone else more privileged who will be able to do it for free." One of my closest friends is a teacher at a comprehensive in north Manchester, and when I talk to her, she says that many of her very bright year 12s just could not even begin to contemplate the idea for working for free in the future on the vague promise of something better, so they are effectively locked out of many of the sectors that would benefit so much from their talent.

I applaud the naming and shaming that organisations such as Intern Aware have done, and indeed those individuals who blew the whistle on these practices, but as other noble Lords have said, it is hard to call out any bad behaviour at the very start of your career, when all your energy goes into impressing people. Some say that the law is clear enough on this issue, and it is of course the case that many businesses and organisations do the right thing, but unpaid internships are still an open secret. A fair day's work must equal a fair day's pay. I know the Government have looked at this issue before, and having worked in business for much of my career I fully understand the importance of ensuring we keep as flexible an environment as possible. For me, this Bill strikes the right balance: it is proportionate and will still allow for ad-hoc work experience for a limited period.

We cannot just pay lip service to the need to bring people from all backgrounds into the professions that are still too much the preserve of the already privileged and/or London-based. I talked about coming to London as if it were the only route to a career, and at the time, that was the only narrative I had heard. All of us who feel passionately about this need to help think of more creative ways to open up every sector to talented individuals from disadvantaged backgrounds from an early age, wherever they live.

One thing that struck me recently was the Social Mobility Foundation's one-for-one campaign, which says to employers in different sectors that if they are planning to offer a short stint of work experience to a school-age contact, they should match it with a placement to someone from a disadvantaged background. We could all think about different ways that this could be done in organisations we are associated with. These kids do not usually have day-to-day exposure to professionals, and this inevitably has a knock-on effect on their confidence. We want them to be hammering on the door, ready to start their careers in fairly paid jobs when they finish their education, whenever and wherever that is. It would be a strange organisation that did not want access to the best talent, so if employers do not find ways to open the door to people from every socioeconomic background, from every city, every town and every village in the UK, everybody loses.

Over the years, when I have talked about these sorts of issues, I have been told in private conversations by people of every political persuasion and of none that I do not want to risk appearing "chippy". This is not a matter of class envy, though; all the young people I meet, regardless of their backgrounds, want to stand on their own two feet, earn their own living and feel that they earned their role because of their talent, not because of who their parents are. For their sake, and for the future prosperity of the UK, we owe them the chance to do so. It is on that basis that I am pleased to support the Bill.

12.30 pm

Lord Haskel (Lab): My Lords, last week Mr Chris Willard from the Financial Conduct Authority came to your Lordships' House and briefed us on its recent survey, *Understanding the Financial Lives of UK Adults*, a paper that tries to understand consumers as people and observe their financial behaviour and experience in the context of their everyday lives. It does so by dividing the population into six age groups. Of UK adults aged 18 to 24 it says that,

"satisfaction with overall financial circumstances is amongst the lowest of any age group".

If any confirmation is needed of intergenerational unfairness as far as money is concerned, that report provides it. As this debate illustrates, part of that unfairness is the way in which some young people are exploited through unpaid work experience. No speaker in this debate is content with such exploitation and unfairness, and I too welcome the Bill as a step in the right direction to correct it. This is an opportunity to show commitment not only to young people but to their parents, which is important.

Of course proper internship has genuine value, as the noble Baroness, Lady Brady, told us. It helps firms to make a better judgment about potential employees and helps young people to decide whether they want to do a particular line of work. Both sides gain experience and benefit from it. Yes, it requires supervision and flexibility, as my noble friend Lord Winston explained, but organisations such as the Prince's Trust and the National Careers Service try to arrange this kind of thing in such a way that both parties feel valued and vested.

The noble Lord, Lord Holmes, told us that for years some less scrupulous businesses and organisations, large and small, have exploited and misled young people by presenting work as an internship, especially in those sectors and areas where few jobs are available. As others have said, the Low Pay Commission, the Social Mobility Commission and Matthew Taylor's recent report have all criticised that practice. The social mobility survey showed overwhelming support for the points made by the noble Lord, and indeed he and my noble friend Lady Morgan gave us the numbers. The provisions in the Bill do something about this situation by identifying the same 18-to-26 age group as in the FCA report, and saying that for this group work experience cannot extend beyond four weeks. As the noble Lord, Lord Holmes, explained, it also attempts to clarify the terminology. That is very important because it puts everything into the scope of work, however it might be described.

Here in Parliament our major concern is Brexit, but out there a major debate is going on about the effect that decisions made by algorithms and artificial intelligence are having on our daily lives, and how they are being used to eliminate people as a cost. Surely part of our response in Parliament must be that we have to be much more socially and emotionally aware of this. The Bill before us is an opportunity to show awareness towards 18-to-24 year-olds, the age group that will be most affected by these new technologies. This is another reason to support the Bill.

I too have spoken to some young people about the Bill. Many told me they felt that interns were given rather menial tasks. They felt that paying interns would encourage employers to give them more skilled work, from which both employer and intern would benefit. Students already face a lot of debt when they come out of university, averaging more than £50,000 with interest, which equates to them potentially taking jobs below their skill level rather than opting for an internship that could benefit them in the longer run because they need the money. Paid internships would consequently enable students to have more choice over what they wanted to do after leaving university.

This is not the first time that Parliament has tried to deal with this issue; the excellent Library brief lists the debates and Bills. I put it to the Minister that this long list emphasises the need for the Bill. Like the noble Lord, Lord Mitchell, I hope the Minister will not say that although the Government have "every sympathy" with the purpose of the Bill, it is unnecessary because the law already prohibits this kind of exploitation. That may well be true, but in practice—in real life—the law is not working, a point made by the noble Baroness, Lady Stowell.

We all know that, from time to time, the law does not deliver what it says, and this is one such case. If the Government are sympathetic to the plight of these young people and the law is not working, why not accept this Private Member's Bill, which makes it easier for the Government to achieve their purpose?

There is an obvious need for the Bill, as all noble Lords have said. The Prime Minister herself referred to this when welcoming Matthew Taylor's review. I congratulate the noble Lord, Lord Holmes, on introducing this simple Bill, and I hope that the Government will welcome the opportunity to support it.

12.37 pm

Baroness Stedman-Scott (Con): My Lords, earlier today somebody said to me that they did not much like the idea of being here on a Friday. I am very pleased to be here on a Friday discussing this important issue, and it is really good to be in a Chamber full of people whose hearts are beating in concert on such an important matter. I declare my interests, as can be read in the register. I am genuinely pleased to be able to speak in this debate to confirm my support for the Bill and congratulate my noble friend Lord Holmes on bringing it to this House. His call to action could not be clearer or more transparent.

There are two clauses in the Bill. Clause 1 prohibits unpaid work experience lasting longer than four weeks by making it compulsory for employers to pay the national minimum wage to individuals undertaking such work experience. I am also pleased to read that a YouGov poll found that that limit is supported by two-thirds of businesses, with only one in eight opposing it. They will soon cotton on—we should not worry too much about that—but it would be helpful to know the reason for their opposition. I cannot find one myself, other than cost. My experience of business in this field is that it is open and committed to giving young people the chance to make the most effective transition from school to work.

The matter of unpaid internships was included in Matthew Taylor's review of employment practices. The report states:

"it is clear to us that unpaid internships are an abuse of power by employers and extremely damaging to social mobility".

Alan Milburn, who chairs the Social Mobility Commission, said:

"Unpaid internships are a modern scandal which must end. Internships are the new rung on the career ladder. They have become a route to a good professional job. But access to them tends to depend on who, not what you know and young people from low-income backgrounds are excluded because they are unpaid. They miss out on a great career opportunity and employers

[BARONESS STEDMAN-SCOTT]
miss out from a wider pool of talent. Unpaid internships are damaging for social mobility. It is time to consign them to history".

I hope that that is what we will be able to do.

I know from my experience of young people who struggle to get a job because they lack experience, but they cannot get the experience because they cannot get a job—or, in the words of my noble friend Lord Holmes, they are unable to get experience because they cannot afford to work for it. The value of work experience is critical for young people. I have seen first-hand the difference that it can make and, as I see it, there are two parts to it. First, as the noble Baroness, Lady Morgan, mentioned, there is experiencing the world of work; then, there is work experience. These are two parts of the journey for a young person. Ideally, experiencing the world of work should start as early as possible. I cannot remember the detail, and I do not want to quote something that is inaccurate, but the more times that a young person, early in primary school, has contact with and access to business, the more likely that their networks and understanding of the workplace will be relevant to them. Employers should visit schools, and schools should visit employers.

I remember taking some young people to an employer's premises, and he really put a show on for them. It was beautiful. He was asking them questions, and they asked him how much he earned, and he managed not to tell them that but to give them a good answer. He asked them what they might do, and a little boy said, "I want to be a boss like you". "Why do you want to be a boss like me?". "Well, you get a nice car, you can tell everybody what to do, you can go home when you want and you can have lovely holidays". I saw this man's face change, and he said, "Just let me tell you what I have to do as a boss. I have to sell a certain number of products every week so that I can pay all my staff's salaries. Then I have to sell some more products so that I can pay the bank back". Suddenly, the penny was dropping, even in that young mind.

I can also tell you about a young lad whose mum had a new man in her life. Well, good for her, but they had both decided that there was now no room in their relationship for him. One of my colleagues at Tomorrow's People found him via some good community people, who said that he was living in a tent in the woods—I mean, it was terrible. So off my colleague went, found him, took him back to the office and we paid for him to stay in a bed and breakfast for a week so at least he had a decent roof over his head and something to eat. We spoke to him for ages about what he would like to do. He said, "I've got no idea". We asked him what sort of business he would like to work in and he said, "I've no idea". "You're going to help us out here," we said. "Do you want to work in an office?". "Oh no", he said, "I want to work outside". So we found a landscape gardener who said that he would take him. Right from the word go, there was a financial transaction—I do not know the detail, but there was one—and he was able to really add value to that place of work. He was then taught to drive, and the boss paid for it. So those were all great things. He was experiencing work, but he was also experiencing respect and decency, which so many people have spoken about today. When I introduced the boss and the young lad to the Chancellor, George Osborne, he was asked whether he liked working where he did and he said, "Yes, Mr Osborne—every time I take that van out, you get £60 in VAT". He understood; the boss valued him and he valued the boss.

The other point that I would like to raise is about not only the value but the accessibility of such an experience. I am right behind this Bill—please be under no illusions—but I am not sure that it is going to stop the practice, which has happened to me, whereby someone will ask, "Debbie, can you please take my son for a couple of weeks, keep him out of trouble, keep him occupied and give him a bit of experience?". That is what happens. We need to have access to really good, well-managed experiences, but the black book will prevail. I cannot think that there is anybody in this Chamber who has not been called. People will ring and say, "Do you know Baroness Brady? Can you ask if she can do this?". It happens all the time, and I do not think that the Bill goes far enough to try to do something to make sure that everybody gets the opportunity where we can.

I had a rummage in my brain—it did not take too long, as noble Lords can imagine—and I wondered whether there was something that we could do to put internships into the apprenticeship system, so that they are on a register and lots of people can refer people to them. Can we not start putting internships into these new opportunity areas so that business has a register of them and everybody gets access to them? I, for one, would be more than happy to sit down with the noble Lord, Lord Holmes, because he is a good chap, and any others in the Chamber, to find out how, without having to put legislation into place—but if that is what it takes, it takes—we can make sure that we have a system whereby people have the opportunity, whoever they are, wherever they have come from, however much their mum and dad love them, to go for one of these internships. As the noble Baroness, Lady Stowell, so eloquently put it, we live in a world where not everybody gets an equal chance. Our young people today, I believe, think that maybe everybody wants the equal chance to be unequal, and I hope that this Bill knocks that on the head.

12.46 pm

Lord Mendelsohn (Lab): My Lords, I thank the noble Lord, Lord Holmes of Richmond, for introducing this Bill and for the opportunity to discuss this important issue today. He has been a committed champion of ending unpaid internships and has set out extremely well in his outstanding speech the unfairness of the status quo, the broad base of support for action and the weakness of the arguments against change. I also paid tribute to the noble Lord, Lord Mitchell, for what he has done to advance this issue and for the strength of his words. I thank, too, the campaigners and others who have done so much to bring this issue to the top of the agenda. I congratulate Intern Aware, the Social Mobility Commission, the Sutton Trust and many more on their hard work. I hope that it will pay off and that the Minister will be able to give us some welcome news at the end of this debate.

As far as these Benches are concerned, there is really no good excuse to brush this issue under the carpet once again. The great contributions from all sides of the House today demonstrate that the time for action has arrived; it is far overdue—and we on these Benches lend our support to the Bill. In saying that, let me be absolutely clear about what this is not about and what it does not cover, and to address many people's concerns that there may well be unintended consequences. This is about internships, not work experience or about trying to impair work experience or limit or reduce volunteering, which has a tremendous place. Indeed, volunteering is crucial for many organisations and provides a great supplement to many institutions. As the co-president of a charity that supports people with learning disabilities, I know that we have many people who volunteer, not just in running some of our shops to help to raise money but in supporting some of the facilities and enhancing the care and support available. They are not in replacement of full-time staff who have departed. The role of volunteering is particularly clear. In this regard, the noble Lord, Lord Thurlow, raised an important point about businesses also being able to provide work opportunities for those in similar conditions. I do not believe that there is a case not to pay them or not to pay them properly. The definitions of how they work can be as part-time or under other sorts of arrangements, but I do not necessarily agree that just giving someone such an opportunity should allow someone to believe that there is a no moral responsibility to pay them. I am not sure that we are entirely comfortable with that.

People have, however, made a very good point about the importance of work experience—this is absolutely essential and very important. It is important also to draw the distinction. Many people have made the case for work experience, which we support. It was raised by the noble Baroness, Lady Brady, and the noble Baroness, Lady Wyld, made an important point about one school saying that not just do you ensure that those people who are likely to wish to get that sort of thing are able to, but you reach out to find those who do not. That is absolutely crucial. We face the problem with work experience that we are not providing the right sort of opportunities or access to people. Those groups of people who are the "hard-to-reachers", the ones who have for quite some time not been used to the world of work, are the ones who we should try actively to give some form of work experience. I would like the Government to use their convening power to find better ways to look at how we can expand access to and opportunities for work experience. This is an important aspect.

I disagree with my noble friend Lord Winston about the extent of work experience. He made an important point about people's opportunities and chances but I do not believe that, if you have to train someone for two months to do a task, it can in any way be described as work experience; it is a short-term job. We have had some unfortunate circumstances in the health sector regarding how we can extend work experience or the requirements for it. The noble Baroness, Lady Nicholson, raised an important point about what is happening at Imperial College and the extension of opportunities there to address that. We should not create a system that creates mistakes in and of itself.

The Labour Benches have been calling for action to deal with this issue for a number of years. In 2015, we pledged to introduce this very policy of a four-week limit for unpaid work experience and, in our most recent manifesto, we again pledged to ban unpaid internships because, as we said then,

"it's not fair for some to get a leg up when others can't afford to".

Eliminating unpaid work experience lasting over four weeks will not solve every issue of social mobility and inequality, but it would have a good impact for such a simple measure. The four-week limit, as proposed by the Social Mobility Commission and expressed in this Bill by the noble Lord, Lord Holmes, strikes the right balance between ensuring that we do not inhibit genuine work experience or volunteering, while introducing vital legal clarity for businesses and workers and, most importantly, making a huge dent in a significant root cause of inequality.

The noble Lord, Lord Flight, made the point—for which I applaud him—that he is uncomfortable about even a four-week limit and that it should be from day one. I think that the use of four weeks is important for creating legal clarity to define that there are not unintended consequences, but I applaud the noble Lord and Metro Bank for paying from day one. Even though we support a four-week limit to help to clarify the law, I think that it is a disgrace that any company can take someone on an internship and not pay them from day one. We should establish a cultural sense that they should be paid from day one, not from the end of week four—that is a cultural component that we have to introduce and then champion. Establishing the law, it has been said, does not change the heart; it restrains the heartless. The point of this is to restrain the heartless. We all have to encourage this way and make sure that people are properly recompensed for their labour.

One thing I want to be absolutely clear about is that part of this is that we are witnessing quite a large explosion in low-paid, insecure and unpaid roles and exploitative and bad practices. The noble Baroness, Lady Stowell, made an important point about young people feeling lied to. The noble Lord, Lord Haskel, made an extremely good point about making sure that we are socially and emotionally aware of the needs of those aged 18 to 25 as they face this new world of technology. Because practices are changing and the world is different, we have to address those needs in different ways.

There is an importance to the CV now that was not around even when I was younger. When I was 18, I went off to do some work experience, largely just to get a bit of money. I was a dustman and road sweeper for the London Borough of Barnet. Needless to say, I have never written a CV since, and it probably would not impress anyone if I did, but they were not as important then. Things change. It is important to recognise that this measure recognises that change and has the support of business. The measure is not anti-business, as some tend to argue. A survey by YouGov and Intern Aware showed that a clear majority of employers—two-thirds—would support a four-week limit and the clarity it would bring, and that only one in 10 would oppose it. Moreover, banning unpaid internships would likely boost economic growth by

[LORD MENDELSOHN]
opening up opportunities and unleashing the creativity of a far wider pool of talent. Those who can be supported by their parents or have savings are not necessarily the most talented or the hardest-working. Public support is similarly emphatic, with the Social Mobility Commission finding that nearly three-quarters of the public support the four-week limit. This is not just about strivers; we have to ensure that this measure addresses those who are not.

I stress that internships are not a part of labour market flexibility. It is completely wrong and incorrect to suggest that they play any part in that flexibility. There is no economic case whatever for claiming that they are part of labour market flexibility and no economic risk whatever in adopting this measure. It is also important to say that small business does not require some special measure. If businesses cannot afford to pay people, their business models are wrong. We cannot give these things a free pass. It is absolutely wrong that the sectors which for years have been the bastions of a lack of social mobility and of middle-class advantage should ever be given a free pass on this. It is totally unacceptable that the practices adopted for years by companies in areas including the law, broadcasting, the media, production companies, the fashion industry and journalism can continue to be given a free pass. We have to put a stop to that.

To put it bluntly, I do not think people appreciate that the world is changing. I saw an information memorandum for a company that was going to be sold which revealed that a third of its workforce were interns. This device was used to reduce its employment costs as it operated on the basis of employing those interns. This is totally unacceptable. If we continue to allow these practices, people will evolve and adopt measures to enhance them. This is happening across the piece. I do not want to sidetrack this debate but we should not allow zero-hours contracts to have a couple of hours added, thereby changing the nature of the contract so it is no longer termed a zero-hours contract. We should not give people free passes to turn income into capital and private equity. If we allow accountancy firms to tell companies they can retain good workers by creating two companies, thereby ensuring that they reduce their pension commitments, we are giving them free passes when we should not do so. The evidence is there. We have to act, and responsible businesses want this measure. The Government should not stand in the way.

We have heard from the Government and others that new legislation is unnecessary because interns are already eligible for the national minimum wage if they meet the definition of worker. We need to move beyond this unhelpful impasse. It is true that if every unpaid intern took their employer to court, the likely result is that they would be found to be workers who were due the minimum wage. The few cases that have been brought by interns have been successful. However, given that the point of internships is the possibility of a full-time job in the end, does it make sense to place the onus on interns to take legal action, even if they are aware of that possibility, as some are not? The fact that legal action can be taken only once the internship has commenced further undermines the argument that enforcement of current legislation can alone solve this problem.

I think that the noble Lord, Lord Flight, is absolutely correct and the Taylor review is absolutely wrong about the legal position. It is absurd to say that HMRC can enforce this issue given its role and responsibility, the limitations on its budget and the job cuts it has suffered. Interns can meet the requirements of the national minimum wage if they meet the definition of "worker". This depends on contracts, arrangements and a whole series of things which are so easy to get over, eliminate and not to have to deal with. It is a ridiculous test. It is, frankly, disappointing that while the Taylor review on modern employment practices accepted that internships are an abuse of power by employers, extremely damaging to social mobility and should be stamped out, it did nothing to follow through to its logical conclusion and propose sufficient action to do so. This was, incidentally, an unfortunate characteristic of the entire report, which made some astute observations but ultimately failed to recognise the inherent unfairness in new iterations of what are, in fact, very old exploitative business practices. I am not sure when the Government are planning to respond to the report but I caution against hastily accepting too many of the recommendations that fell far short of the actions required.

This Bill draws a clear line in the sand. It allows for legitimate work experience and volunteering, which is vital, but provides greatly needed clarity for businesses and other organisations on when work experience needs to be paid—after four weeks. This is clarity that they are actively calling out for. As my noble friend Lord Haskel said, the law is not working and needs to change. The noble Baroness, Lady Stowell, went even further, saying that the law and regulations are not working. There is no practical, meaningful or serious evidential case to do this and there is no moral case to do this. We need not wait any longer. We on these Benches are very grateful to the noble Lord, Lord Holmes, for bringing this Bill to the House. I urge the Government to look beyond the failed approach of recent years and lend their support to this Bill. It truly deserves the cross-party support that it has been shown today.

1 pm

Viscount Younger of Leckie (Con): My Lords, I congratulate my noble friend Lord Holmes of Richmond on securing a Second Reading for his Private Member's Bill. I commend him also for all the work he is doing to encourage a fairer and more balanced society for everyone, regardless of an individual's background.

I start by declaring an interest in that I come to this topic with a business background, both in the City and financial services, and with over 30 years' experience in HR, including recruitment. I wholeheartedly share in the spirit of this debate. It is not right that in 2017 people are being held back from realising their full potential because they are unable to access opportunities that are kept for the privileged few. I have listened carefully to some disturbing anecdotes this afternoon, not least from my noble friend Lady Stowell and the noble Lord, Lord Mitchell. As I am sure my noble

friend Lord Holmes is aware, the Government are committed to giving everyone a fair start in our economy. This includes people from socially disadvantaged backgrounds; black, Asian and minority-ethnic groups; women; and of course young people.

I touch now on the great progress that the Government have made in creating a stronger labour market for younger workers. This group has seen a growth in median earnings which has been stronger than average. The unemployment rate for this group fell by 1.4 percentage points between quarter 2 2016 and quarter 2 2017. The employment rate for 21 to 24 year-olds is now at a record high of 80%. We have clearly demonstrated that an increasing minimum wage can go hand in hand with increasing labour market participation.

The principles of the national minimum wage remain the same today as when they were introduced by the Labour Party back in 1999. It was introduced and designed to protect the employment prospects of the lowest-paid workers while ensuring that they received fair pay for each hour they worked. In April 2016, this Conservative Government went one step further by introducing the national living wage, which gave over 1.7 million people aged 25 and over a pay rise, leaving them with more money in their pockets. It is right that we continue to seek independent and expert advice from the Low Pay Commission when setting these minimum wage rates. The Government will continue to set an hourly minimum threshold which employers must adhere to, while commending those employers who pay more when they can afford to do so.

I turn now to the essence of my noble friend's Bill. I am supportive of the good intentions that underpin the Bill and agree that it is right to stop the exploitation of workers. Let me be clear that by "exploitation" I am referring specifically to individuals who are working and should be paid the minimum wage but instead receive less than the minimum or even nothing—and we have heard some stories this afternoon to that effect. The Bill is right also in its adherence to the principle of giving everyone equal access to opportunities. It is right that this Government champion diversity.

I acknowledge the words of my noble friend Lady Wyld, who stated that unpaid internships are an open secret. The Government recognise that unpaid work experience is an issue and are committed to stamping out this exploitation when an individual falls within the definition of a "worker" for minimum wage purposes. However, I hate to disappoint the noble Lords, Lord Mitchell and Lord Haskel—and there is a "however" to this. The current legislation already sets out that all workers are legally entitled to the minimum wage; and most importantly, as my noble friend Lord Flight said in citing the excellent example of Metro Bank, that entitlement applies from day one. The entitlement applies regardless of how the employer or worker describes the relationship in a contract, which can be verbal or written.

Most employment protections in the UK apply to individuals who are defined as an employee or worker. There is no statutory definition of work experience or indeed internships. However, if it were to be defined, it is likely that a new employment status would need to be created, which in itself would open the debate about whether we extend further protections to this new category, such as holiday pay and sick pay. A new employment status is likely to create unintended consequences, such as businesses not offering any work experience opportunities or, at worst, encouraging rogue employers to seek loopholes by offering work experience for less than four weeks—funnily enough, for three weeks and six days, as my noble friend Lord Flight hinted—which would mean that individuals were not entitled to the minimum wage from day one.

I took note of the interesting speech from the noble Lord, Lord Winston, but I agree on this occasion with the noble Lord, Lord Mendelsohn. On the one hand, I understand the point that the noble Lord, Lord Winston, made about his particular sector and its highly technical area, and I take into account what he said about the opportunities in the NHS leading to further time being needed. But I was disappointed not to hear—unless he chose not to say—whether the workers were paid any expenses at all. The noble Lord may like to clarify that later. I understand his angle and where he was coming from.

As my noble friend Lord Holmes mentioned, the voluntary sector has existing legislation that covers volunteers and voluntary workers. The noble Lord, Lord Mendelsohn, also raised that. The key for volunteers, who are not legally entitled to the minimum wage, is that they have the flexibility to come and go as they please and they do not have any employment contract to perform work or provide services.

This Government will continue to encourage work experience, internships and voluntary opportunities. We want to encourage initiatives that provide individuals with an opportunity to watch and learn, to try their hand at particular tasks or give something back to their community. These opportunities are vital to so many individuals up and down the country. Their scope is so varied. This flexibility is beneficial for individuals and employers.

I am keen to focus also on the issue of social mobility, which featured heavily in today's debate. Increasing social mobility is a top priority for the Government. Social mobility is essential to make our country one that works for everyone, not just the privileged few. We want to create a society that is fair and rewards talent and hard work. The education system and employers must be part of the answer to that. It is important for employers to increase the diversity of their workforce. The best employers are already taking some important steps, including engaging and supporting young people in schools, introducing fairer recruitment practices, removing barriers, opening up alternative routes to entry and monitoring progress. But there is more to do to ensure that background is not a barrier to a good career, and this Government are taking that challenge seriously.

The Department for Education is committed to working alongside the Social Mobility Commission to tackle the barriers that can hold people back from fulfilling their ambitions. We value the wide-ranging work carried out by the commission, including its work on a Social Mobility Employer Index. The index is a joint initiative between the Social Mobility Foundation and the Social Mobility Commission, in partnership

[Viscount Younger of Leckie]
with the City of London Corporation. It ranks Britain's employers for the first time on the actions that they are taking to ensure they are open to accessing and progressing talent from all backgrounds and it showcases progress towards improving social mobility.

My noble friend Lord Holmes asked about Whitehall's record on unpaid internships. I reassure him that we are taking the opportunity to enable social mobility in Whitehall. The Summer Diversity Internship Programme is a multi-award-winning programme that gives individuals from diverse backgrounds the opportunity to see what a career in the Civil Service is like, and 100% of those surveyed would recommend it. I reassure the House that it is paid.

My noble friend Lady Brady raised the important point about careers advice. The Government are taking steps to improve careers education and guidance for all ages. We are investing more than £70 million this year to support young people and adults to get high-quality careers provision.

Activities involving employers such as careers insights, mentoring, work tasters and work experience are crucial to giving young people the skills they need to succeed. The careers statutory guidance makes it clear that schools should offer work placements, work experience and other employer-based activities as part of their careers strategy for years eight to 13 pupils. We are providing valuable support for schools through the Careers & Enterprise Company, which has been tasked with increasing the level of employer input into schools and colleges.

Part of the issue is enforcement. It is about enforcing the existing legislation to enable social mobility. To be clear: it is against the law for employers not to pay at least the minimum wage to workers. We want work to pay and to have zero tolerance for employers opting out of their legal responsibilities. This is part of the reason that we have increased HMRC's enforcement budget to a record level of £25.3 million for 2017-18. These two points were raised by my noble friend Lord Holmes. We want to stamp out any temptation to pursue non-compliance, so we have increased the maximum penalty imposed on an employer. Last year the penalty doubled to 200% of arrears owed to workers up to a maximum of £20,000 per worker. We have also continued the Government's naming scheme, which has become increasingly effective as a deterrent. We have named more than 1,200 employers to date and we can see its effectiveness from the number of representations we get from employers seeking to be exempt from the naming process. There is a growing realisation among employers that naming can damage brands.

We also recognise that we have a responsibility to make sure that individuals and businesses—

Lord Mendelsohn: I am sorry for interrupting the Minister, but in reciting those numbers about the budgets and enforcement measures that are available, can he state whether they relate to HMRC's activities in general? Which part of the budget of those sums relates to interns?

Viscount Younger of Leckie: I will write to the noble Lord about the specific figures relating to interns. I sought to make the point in general that in having the naming scheme, when the names go up on the board or when they are broadcast, particularly in local newspapers, it is damaging in itself. It is perceived as being more damaging and obviously can sully the reputation of employers in terms of both recruitment and the products that they are selling.

We also recognise that we have a responsibility to make sure—

Lord Flight: My Lords, I thank my noble friend. Can he clarify a point? Is he effectively saying that in the future interns will count as workers? The problem, as I understand it, is that of greyness in the area.

Viscount Younger of Leckie: That is true, and the point I am making is that the existing legislation does allow for a distinction to be made between who is defined as a worker and who is not. I have already made it clear that there are employers who try to get around this, a point which has been made by other noble Lords. However, the law is clear: if there is evidence to show that an individual can be defined as a worker in that work is being done that is not work experience, actions can be taken.

Baroness McIntosh of Hudnall (Lab): My Lords, I am sorry to press the noble Viscount on this matter. I have listened to the whole of the debate, and the issue of the law being in some way evaded has come up on a number of occasions, but it does not appear from what has been said that on every occasion when this happens, what is being done is evidently illegal. In other words, it appears that there are easy ways of moving around the obstacles that are put in the way by the current legislation. Can the noble Viscount tell us whether any employer has been prosecuted so far for evading the law in this way, and who is responsible for bringing forward a prosecution? I ask this because it appears from what has been said in the debate that the responsibility lies with the person who has not been paid or who feels themselves to have been disadvantaged.

Viscount Younger of Leckie: In response to the point made by the noble Baroness, there have been some prosecutions, and we think that they will increase as the measures that we are taking improve. It is true that if an individual undertaking work experience has an issue, they have the right to approach ACAS on a confidential basis, so they will be able to complain about the treatment they have received. I will come on to that because there is a little more that I can say about it. They can also go to a citizens advice bureau. The confidential aspect is terribly important. Another noble Lord made the point that it is not always very easy for a young person who is trying to get on to complain in that way, so there is more work to be done.

As a result of the additional resources that I have mentioned, HMRC has been able to effectively run the Promote programme. Promote provides information to both employers and workers to tackle non-compliance before it occurs. In 2016-17, the Promote team reached over 250,000 employers, workers and their intermediaries through a combination of webinars, targeted mailshots, face-to-face contact, digital contact and project work with specific sector bodies. We hope to see this number

increase as the year progresses. We want to continue to support workers and businesses, particularly our small businesses, of which there are over 5.4 million. We want to raise awareness of the law to improve compliance so that business feels empowered to offer these types of opportunities to everybody.

I will give the noble Baroness a little more detail. ACAS offers a free and confidential phone line providing advice for workers and employers. Any worker who thinks that they may be underpaid or, wrongly, not paid at all should contact ACAS or Citizens Advice. We recognise that workers may not feel confident enough to make a complaint about their employer, especially if they are starting out in their career, as my noble friend Lord Holmes said. Therefore, ACAS offers a confidential service; the complainant can remain anonymous. If there is a case to answer, ACAS will forward the case to HMRC, which follows up every single complaint.

I turn briefly to the Taylor review, which was raised in the debate. As my noble friend Lord Holmes will be aware, the Government are committed to stamping out exploitative work experience. Earlier this year, the Prime Minister asked Matthew Taylor to run an independent review into the UK's modern employment practices. Matthew looked at a number of themes, including the issue of unpaid interns. The report is comprehensive and detailed. I note that Matthew Taylor did not recommend legislative change but, instead, focused on increased enforcement—a point that I made earlier. However, the Government will give the review the careful consideration that it deserves and we will respond in full later this year.

In fact, Matthew Taylor's recommendation is particularly relevant to this Private Member's Bill—a point raised by my noble friend Lady Stedman-Scott. The report states:

"The Government should ensure that exploitative unpaid internships … are stamped out. The Government should do this by clarifying the interpretation of the law and encouraging enforcement action taken by HMRC in this area".

I make it clear that I welcome the sentiments and intentions of my noble friend. Noble Lords should rest assured that we will create the conditions necessary for all workers to receive the minimum wage that they are entitled to. We want every individual to have the best chance in life. We also want every young person to have the opportunity to experience what the working world is like. My noble friend Lady Stedman-Scott raised the interesting idea of the Government perhaps working harder to penetrate so-called "opportunity areas". I have taken note of her point and will pass it on to the relevant department.

Baroness Morgan of Huyton: With respect to the noble Viscount, can he explain more clearly why we should "rest assured", as he said? In this debate there has been strong support from all sides of the House for a simple clarification and change to the law that will deliver what we are all seeking, which is the differentiation between work experience and an unpaid internship. However, nothing that the Government have done has changed the situation. In fact, if anything, it is getting worse—we have heard about lots of real-life examples in the House today. Therefore, with the greatest respect, I am not convinced that the Minister has set out anything that leaves any of us who have spoken feeling that we can rest assured.

Viscount Younger of Leckie: Two or three Peers have said that there are flaws in the Bill. I would not necessarily go that far, but the tenet of my argument is that it is enforcement that counts. As I said earlier, we are making great efforts to improve enforcement in this area. The point is that there has to be a distinction between the different types of work. If somebody is defined as a worker, they are doing work for which they should receive remuneration from day one; otherwise, we could be led to form a new definition of, say, a work experience worker, but I have made it clear that we believe there would be some unintended consequences in so doing.

Lord Mendelsohn: Will the Minister clarify—because, like Matthew Taylor, he mentioned making sure that the law is clear on this—and describe the difference between an internship as work experience and an internship as work?

Viscount Younger of Leckie: The description is that any complaint goes to HMRC and, if a complaint has been made, a distinction has to be made and HMRC has to take a view on whether meaningful work is being carried out—in other words, a nine-to-five day is being done, not just work experience where somebody is looking over somebody's shoulder. That distinction has to be made. Again, I make the point that we could go down the route of having a new definition under the heading, "Work Experience", but that would lead to all kinds of unintended consequences.

Lord Flight: I am sorry to bother noble Lords again. The fundamental issue seems to be whether the Government want interns to get paid. We all know what interns do. They are not workers because they are not on contract; but, if they are not paid, the problems we have all talked about arise.

Viscount Younger of Leckie: We are not taking a view on that. We are saying that there is no definition of work experience and it is left for others to decide whether the work is proper work that deserves remuneration or whether it comes under the description of somebody coming in for a couple of days and looking over somebody's shoulder.

Baroness Stowell of Beeston: I wonder if I might assist my noble friend. One of the things I find quite helpful, from what he said in his remarks, is knowing that the Government are still considering how they will respond to Matthew Taylor's report. I did not realise that until my noble friend said so. We have clearly had a very good debate, with some strong and forceful arguments. I would have thought quite a few of us would welcome the opportunity to sit down with the relevant Ministers—perhaps in BEIS—who are looking at and considering how to respond to the Taylor review, and have some real influence on the Government's response to that set of recommendations.

Viscount Younger of Leckie: I am grateful to my noble friend for her helpful input. I was keen for the debate not to fall back on the Taylor review, because my noble friend is quite right that, as I have said, we are considering our response to it. I have been careful not to go either way. The debate is extremely helpful in allowing us to give a measured response. I take the point my noble friend made that responsibility lies with the business department—BEIS—but the DfE also has a strong input in a cross-departmental way.

Going back to the definition of work, it is explained in guidance. There is also a £1.5 million awareness-raising campaign to make people aware of what is and is not work. It boils down to that.

1.23 pm

Lord Holmes of Richmond: I thank all noble Lords for taking part in the debate and for their support for the Bill. It is invidious to mention any particular noble Lords, but I will briefly pick up on a number of points that were made, if I may.

First, I agree with the point made by my noble friend Lord Flight about start points. As I mentioned in my opening remarks, my start point was zero weeks. Having four weeks in the Bill does not stop the clock ticking from day one, but it helps to define the period between what is and what is not work experience. I would certainly be happy to have more discussions on that point.

I am sad that the noble Lord, Lord Winston, does not like the Bill—I still like his television programmes. Perhaps I can help him out on one point—I hope so. He mentioned tidying up the ladies' gym. I see no difficulty under the legislation—it is quite clear in that example that he was not a worker but a volunteer.

I was surprised by the noble Lord's speech because I felt that many of his arguments actually made the case for the Bill. It is fine and a lovely thing to be able to help your children, but while Joel is in the lab working away and doing great things, what about Jack, or indeed Jane, from South Shields, who are able to watch the noble Lord on television but have very little opportunity to break through that glass screen? Without wanting to trespass on family issues, I say to Joel Winston that, having seen hundreds of thousands of pounds put into not fixing that piece of equipment, as the noble Lord set out, if I were him I would feel at least a little aggrieved to not receive any remuneration when undertaking tasks that were not only work but were clearly beneficial to the lab to the tune of hundreds of thousands of pounds.

Lord Winston: I mentioned Joel only as a bit of a joke. If the noble Lord looks at my record in my laboratory he will see that we have helped endless numbers of young people with work experience. Wherever possible we have tried to promote them thereafter, as we did with the last person I talked about, who would probably not have got into medical school and would certainly not now be a stellar performer in science. Their PhD was also supported through our charitable work. To be fair, I mentioned my privileged son only because of the underprivileged people we regularly see and want to help. I am not totally against the noble Lord's Bill—of course I am not—but I want to see it adjusted in Committee to ensure that we do not prevent people properly accessing work experience.

Lord Holmes of Richmond: I thank the noble Lord and I accept his point. I look forward to discussing those points as we get to further stages. The intention is absolutely to have work experience opportunities—internships if they go on longer—not only paid but available to the broadest breadth of talent across the country.

The noble Lord, Lord Thurlow, raised a very interesting point. It is certainly one to discuss further as we progress. There is a potential danger in identifying any particular group of people and seeking to differentiate them. As he rightly and sensitively set out, it is clearly a difficult issue, but to differentiate too significantly could be problematic and may have at least the echoes of arguments made in previous decades on gender pay.

This has been a fantastic debate. I am clearly absolutely behind the principle. I am not totally, 100%, die-in-a-ditch committed to every last dot, cross, "i" and "t" in the Bill. As I said to the Minister at the outset: if not this Bill, what Bill? My mission is quite simply this: current legislation is clear and clearly is not working. I hope that the Bill is not a Rubiconic leap, a lunge or a blast into space, but merely a focused, targeted, thought-through tweak to existing legislation to bring clarity and to bring people within the law to enable them to have their rights and to be paid for the work they undertake.

Unpaid internships are a stain on our society, a drain on social mobility and desperately Dickensian. They are something of the past that I believe should be firmly committed to that past. We have the opportunity today to take the next step towards condemning unpaid internships to that past. In thanking all noble Lords who have contributed once again, I ask the House to give this Bill a Second Reading.

Bill read a second time and committed to a Committee of the Whole House.

Democratic Political Activity (Funding and Expenditure) Bill [HL]

Second Reading

1.30 pm

Moved by ***Lord Tyler***

That the Bill be now read a second time.

Lord Tyler (LD): My Lords, coming from a rather ecclesiastical family, I like to start with a text:

"There is a broad consensus that election law is fragmented, confused and unclear, with … poor guidance from the Electoral Commission. Conservatives are committed to strengthening electoral law".

That was the official statement of the Conservative Party in June this year, just a few days before the general election polling day. For the governing party—and it is still the governing party, albeit in a minority—to do nothing about that situation in this Parliament would be extraordinarily irresponsible. I am here to help.

The context for that statement was, of course, the continuing saga of the discrepancy between the control regime for local, constituency campaign expenditure, on the one hand, and that for national party election expenditure on the other. This is the most urgent of many problems that my Bill seeks to address. At this time on a Friday I am anxious to keep my remarks brief and, in particular, to avoid too much repetition from the debate on 10 March 2017, when my similar Bill in the last Parliament received its Second Reading. I have reread *Hansard* this morning, as, I am sure, have other noble Lords, and I stand by everything I said during that debate.

However, I remind your Lordships' House, as the Minister did on that occasion, that this Bill owes its origin to a cross-party initiative in 2013, based on the analysis and recommendations of the report of the Committee on Standards in Public Life in 2011. Here I should say how disappointed I am that the noble Lord, Lord Bew, is not able to be with us. He has had a slight accident and has sent his apologies. He would, of course, be contributing in his usual very effective way as the current chair of the Committee on Standards in Public Life.

My approach has always been collaborative and remains so. If, for example, the House, the other main parties and the Government share the view of the Conservatives that there is "a broad consensus" on the need for reform, I will be only too happy for my Bill to become the vehicle to deal with the most blatant defects in electoral law. On 10 March the noble Lord, Lord Young of Cookham, said the time was ripe for,

"incremental reforms that achieve cross-party support".—[*Official Report*, 10/3/17; col. 1622.]

Given the consensus suggested by that statement in June, I now submit that progress could and should follow as a matter of urgency. It would surely be unthinkable not to tackle the problems identified before another general election—or, indeed, another referendum.

In the debate in March I referred to the fact that since 1883 there have been firm rules to prevent individuals and organisations pouring excessive sums of money into constituency campaigns to secure the election of individual candidates. I am delighted to see the right reverend Prelate the Bishop of Salisbury here, because, of course, it was Old Sarum that was always given as the example we should all refer to in that connection.

In past elections the noble Lord, Lord Young, and I were often warned by our agents that if we did not check every single sum, every penny spent seeking our election, we or our election agent could end up in court.

The recent practice, by all parties, of their national campaign concentrating an ever increasing percentage of investment in a limited number of target seats, bypassing those local limits, has led to the investigative exposure, notably by Michael Crick and Channel 4, of what the *Times* subsequently described as "election fraud". The report *Elections for Sale?*, published recently by the Joseph Rowntree Reform Trust, spells out in detail the consequences of this weakness in the law. I am sure that we all recognise the potential damage to the integrity and reputation of our political processes that is involved.

In March, I also expressed sympathy for the various individual MPs whose whole political careers could be at risk from that uncertainty in the law. The partial conclusion of the legal process since then has scarcely clarified the situation. Obviously, I make no reference to any outstanding legal action, but I am sure that Members of your Lordships' House share my determination to make progress on the reform for which the Conservative Party was arguing in June. As long ago as 2010, my own party was arguing for much greater clarity in the apportionment of election campaign expenditure.

My Bill indicates in Clause 19(3) the national campaign activities which should now be separately recorded and capped as relating to the individual constituency. Its provisions include:

"(a) sending unsolicited material falling within paragraph 4 of Schedule 1 which is addressed to any person registered, or entitled to be registered, in the register of parliamentary electors for any particular constituency;

(b) making unsolicited telephone calls to such persons; or

(c) displaying digital advertising to persons based on the postcode in which they reside".

If any Members of your Lordships' House should think these are trivial matters, I draw their attention to the brief that gives us some figures on the expenditure by the major parties in these sorts of attempts to woo electors. We do not yet have the figures for 2017 but in 2015, the Electoral Commission reported that the total expenditure of all parties was £37.6 million but of that figure, £15.2 million was for material unsolicited by the elector. I submit that that very substantial amount of money is sent, as it were, to bypass local constituency campaign controls.

I am by no means wedded to the exact method by which we should do this. If we identify and regulate these activities, we can obviously find the best means by which they can be controlled. It is really important that the local candidates and agents should take on this responsibility, because I believe it is for them to take the full weight of that for money spent on their behalf. The key issue is to make sure that there is an appropriately increased cash limit. That, too, is something we can look at in the context of the Committee stage.

There is a similar consensus, I believe, that the rules governing the financing of campaigns for referendum outcomes must be re-examined. The fact that just 12 male millionaires—I do not know why that is significant, but it seems to be—provided the vast majority of private funding for the two campaigns in 2016 should surely give us pause for serious thought.

In the March debate, I and other speakers also referred to the huge sum invested by the DUP in that campaign. Curiously, every single penny of it was spent on the British mainland, where the DUP is not an active political party. Because the sources of political donations to Northern Ireland parties have been permitted to remain secret in the past, no doubt for some good reasons, this now raises serious concerns about transparency. The noble Lord, Lord Bew, made substantial reference to that anomaly in the March debate. Ministers could, and should, have dispensed with this out-of-date exclusion years ago. Now that the DUP is in cahoots with the Government, this mystery should surely be

[LORD TYLER]
cleared up. In our March debate, the Minister reported that efforts were being made to regularise and standardise the arrangements for the whole UK. Have they been successful?

Thanks to the amazingly diligent investigation of Carole Cadwalladr and the *Observer*, we are also aware of the role played by Cambridge Analytica last year. Mr Arron Banks claimed that its artificial intelligence gave the leave campaign "unprecedented levels of engagement", and he went on to claim it "won it for leave", yet we still do not know, and apparently the Electoral Commission has yet to discover, who paid for those services. Was it the shadowy US billionaire Robert Mercer, who is said to own the company? Assistance in kind, like donations, from a foreign source raises serious issues. The Brexiteers thus stand accused of both lying and cheating.

Anyone who has read *Dark Money*, the product of very extensive research by Jane Mayer of the *New York Times,* will recognise just how dangerous it is for the UK to follow in the footsteps of the US by ignoring the influence of those with vast resources who want to play politics with their fortunes. In our debate in March the noble Lord, Lord Young, said:

"I agree that it would be better if all parties were less reliant on large donations and we had a broader base of membership donations on which to rely".—[*Official Report*, 10/3/17; col. 1621.]

Here, too, there would seem to be growing consensus. There are suggestions in my Bill for the reallocation of the current very large amounts of state funding which could be redeployed to assist this.

In the interests of brevity, I do not want to reiterate all the points I and other noble Lords who supported me in March made in support of urgent attention to these issues. Indeed, the very comprehensive briefing note from the Lords Library sets out all the proposals in this Bill. I have only one correction to make in an otherwise impeccable account. In the second full paragraph on the fourth page—perhaps we could benefit from having pagination and numbered paragraphs—there is a reference to personal development grants totalling £2 million per year. I could do with one of those myself. I think I should also reiterate the point made in the previous debate, and underlined in the Library briefing, that my colleague Nick Clegg never objected to the reallocation of the very considerable existing sums of public state funding but considered a net increase undesirable in the austerity conditions of 2011.

In the current Bill, I do not suggest that the various proposals in Clauses 10 to 16 are implemented all at once but that in Committee we should look at which option would seem to be most advantageous. I am also making some suggestions about savings in the very large sums that the Government currently spend supporting various political initiatives, not least in their own advertising budget.

I am assuming that noble Lords have read the *Hansard* report of our previous debate, so we do not need to deal with all the points addressed then. Clearly, different priorities apply to each section of my Bill. I simply respond to the generous offer the Minister made to the House on that occasion. He undertook to facilitate discussion with the relevant Minister or Ministers to explore the potential for consensus and cross-party agreement. That has not happened in the intervening months.

The Minister sought to break the deadlock; it has not been broken. Given that remarkable Conservative change of attitude in June, with that claim of a broad consensus, I submit that the opportunity offered by my Bill should be grabbed by the Government as a sensible way forward. The Committee stage will provide a chance to explore commonly agreed priorities.

I repeat that I am only too willing, as I have been throughout this long period of gestation, to work with fellow reformers across parties. The public are looking to us to address some of these obvious discrepancies as a matter of urgency because politics has been brought into further disrepute by the inadequacy of the law. That was what was recognised by the Conservative Party in June. We must review with care those things which endanger the integrity and reputation of our electoral system. This too would fulfil the Government's repeatedly stated willingness to proceed incrementally.

Throughout our debate in March, on all sides, there was a plea for consensus. That is the critical word today—that was the word that was used by the Conservative Party. It said that there is a broad consensus. The noble Lord, Lord Young, will, I am sure, be equally responsive, supportive and positive today. Again, I hope he will undertake to continue in the role of facilitator, for which he is so admirably well qualified, and I look forward with great optimism to his reply to this debate. I beg to move.

1.45 pm

Lord True (Con): My Lords, here we are again: the same magnificent Victorian theatre; the same Bill, in effect, as I shall show; and the same dramatis personae, with the welcome addition of the right reverend Prelate and sadly, I agree entirely, the absence of the noble Lord, Lord Bew. I echo what the noble Lord, Lord Tyler, said about that, but that is about as far as I will go with the noble Lord, Lord Tyler. He ended, as Liberal Democrats so often do, with a call for consensus. But the preceding 15 minutes of his speech were partisan and often acid. Indeed, he repeated allegations which he made in March in relation to incidents which have been investigated by the legal authorities, and in respect of which no charges have been made—with no apology whatever.

I note 15 Members present on the Liberal Democrat Benches for this debate. In the previous debate, introduced by my noble friend Lord Holmes on the incredibly important issue of the scandal of the abuse of young people through unpaid internships, the Liberal Democrats could not even put up a Front-Bench spokesman on that matter. But they flock in—15 of them—for this debate. I wonder whether there is a political interest at stake here. Of course I welcome some of them, and it is particularly good to see the noble Lord, Lord Wrigglesworth, here again. In the proceedings on 10 March, which I too have read, he declared at col. 1608 that he and Ms Sarah Olney would, as he put it, "see" me "at the ballot box" in Richmond in May. Well, he and Ms Olney did come—I saw them—and Zac Goldsmith defeated them. It is great to have my honourable friend back in Parliament.

I have carefully examined the Bill and compared it with the Bill we discussed only a few months ago. There is an extra word in the Short Title—it is "Democratic Political Activity" rather than "Political Parties". It has Latin numerals instead of Arabic ones for reference to parts of the 2000 Act—a change which, as a classicist, I cannot but welcome and think is correct, although I note one has been missed, on page 3, line 27. Dates are updated by a year to set them in the future, which is wise, and a useful explanatory parenthesis relating to your Lordships has been added to Clause 11(4)(c).

There is minor redrafting in Clause 12, relating to gift aid—a proposal I actually support. Last Session's new condition G in Section 416 of the Income Tax Act 2007 has now become condition H. No doubt the noble Lord will explain in Committee if there is any significance in that. Another change is that the provision in Clause 17 of last year's Bill requiring a valid candidate for European elections to have 1,000 signatures in his or her support is omitted. Is the noble Lord anticipating Brexit and not wasting time on reform of European elections? Or is it perhaps that the previous version was written before his party's campaign for a second referendum—which the noble Lord called for again today—tanked and the party lost vote share in this year's general election?

The very few narrow changes in Clause 20, relating to candidate expenditure, to which the noble Lord spoke, and the changes in Clause 19 relating to control of non-election expenses, reducing the limit further, present severe difficulties. They are technical, controversial and not so far the subject of consensus. I make no detailed comment, as this is outside my skill base, but I believe that assigning national expenditure to constituencies would be exceptionally difficult. Funnily enough, I instinctively welcome the idea of some limit on the tiresome bore of unsolicited digital messages based on postal codes. I am pretty sure that on this I am pretty off-message with both my Front Bench and Jeremy Corbyn's friends in Momentum, but I will say no more in case I get an unsolicited message from Mr Jared O'Mara on the subject.

All in all, it is the same Bill as last Session, with a small addition that could have been a one-clause Bill, not a repeat of what we had before—a comprehensive attempt to rewrite the rules. I am sure that my noble friend on the Front Bench will probably say again, in my view rightly and fairly, and perhaps the noble Lord on the opposition Front Bench will agree, that these changes have to be agreed between the major parties so far as possible and made, as in the past, normally by government legislation with agreement, not a Private Member's Bill in your Lordships' House. Certainly any increase in taxpayer funding for political parties would be unthinkable at this or any other time, in my view. No taxpayer should have to pay more to support politicians than they do now.

Perhaps it is time to reflect on the ballot for Private Members' Bills. This would not prevent any noble Lord bringing forward substantially the same Bill in successive Sessions, as we have here, although actually I think both Front Benches, both government and official opposition, who work so hard for us—we have two of the best of the bunch here in the shape of my noble friend Lord Young and the noble Lord, Lord Kennedy—might be spared repetitive stress syndrome on a Friday by having to deal with the same Bill after a few months. Perhaps the Procedure Committee might consider whether a second or certainly a third attempt at the same fence might not go lower in the ballot than a Bill that brought a new issue before Parliament.

I spoke on two important matters in March that the noble Lord, Lord Tyler, has completely ignored in his Bill. I will not repeat at length what I said; it is all in *Hansard* for 10 March 2017 at cols. 1602-04. I stand by every word, like he does. The issue is the inability of the Electoral Commission to order the repayment to victims of crime of political donations derived from the proceeds of crime, such as Maxwell, Asil Nadir or, more recently, the £2.5 million taken and, deplorably, kept by the Liberal Democrats from a shameless fraudster, Michael Brown, who ruined many people. All the parties that have criminal money, including my own, should repay it, but the case of the Liberal Democrats' £2.5 million is particularly fragrant. I am sorry, I mean the opposite: flagrant. That gives me the opportunity to emphasise the point: flagrant. Shameless.

In March, my noble friend on the Front Bench encouraged me by saying this was something the Government would look at in the context of any review of Electoral Commission powers. If the noble Lord presses the Bill forward, I give notice that I will seek to amend Clause 24 to give the commission such powers and will expect the full support of the Liberal Democrats for that, with a pledge to repay the £2.5 million that Brown took. Then never again will victims of villains like Brown be turned away with impunity by a political party.

The second issue that I raised concerned a lacuna in the Representation of the People Act, which provides that a person who corruptly induces any other person to withdraw from being a candidate at an election by payment or offer of payment is committing an offence. I described the murky events surrounding the Richmond Park by-election in 2016, just before which it is admitted by the Green Party that an offer of £250,000 was made to promote a so-called progressive alliance between Greens and Liberal Democrats. In making this offer—self-evidently, given the fact that the Richmond Park by-election was impending—the willingness of the Green Party to withdraw its candidate and leave the field free for the Liberal Democrats, as indeed happened, would be a very material matter to the person or company waving this fat wad of money. If that were not obvious, a leaked email sent to a Kingston Green the day before its prospective candidate withdrew, reads,

"just reiterating that what I mentioned, about the party benefiting from us not standing, is confidential—please don't circulate".

That is the smoking gun that confirms that Kingston Greens were told that there was a direct connection between standing or not standing in Richmond Park against Mr Goldsmith and their party bosses having the chance of getting some dosh.

On the same day, there was a further illuminating exchange between two Greens. The first Green writes, in an email: "Do you know how much the amount is?".

[LORD TRUE]

"No, is it important?" "£250,000". I will paraphrase the next bit because there is a right reverend Prelate present. "Just heard from Nick. Effing 'ell". It was rather more correctly expressed than that, but your Lordships know what I mean. Nick is widely believed to be Mr Nick Martin, chief executive of the Green Party, who clearly knows all that the public needs to know about the person or company involved. This attempted inducement was reported to the police, but prosecutors apparently decided that, as the prospective Green candidate had not yet been formally nominated, no offence was committed in her withdrawing. Furthermore, Section 107 of the Representation of the People Act has a lacuna, in that it applies to a person, not a party. I submit that it is a corruption of politics for big money to seek to procure the withdrawal of a candidate or of a party from a local or national election in any seat, and it is a corruption of politics for big money to seek to induce a prospective candidate not to seek adoption or be adopted. That needs to be exposed and stopped, and I hope that it will be addressed in law.

In conclusion, it is a stain on the high moral tone of the Green Party that it has not been prepared to disclose the identity of the person, company or party behind this offer. It is called an attempted offer; I say that it is really an attempted bribe. Caroline Lucas, the party leader, told the BBC in May that people in the Green Party knew who had made the offer but that she, very conveniently—this was on live television—had forgotten the name. There is no record of whether she sent a text message to Andrew Neil afterwards to tell him who it was when she remembered. Nick, Mr Nick Martin, is clearly one of those people in the Green Party who Caroline Lucas has said publicly knows the identity, and I call him out today in Parliament, in the name of the integrity and transparency of political party funding, to publish the identity of that attempted donor. As it is claimed that the donation was refused by the Green Party's ethics committee, which we are told ensures that no donations are accepted, inter alia, from foreign sources, tobacco companies or other industries such as aviation, what could the Greens possibly have to hide? Surely it would put them in a good light if they saw this person off for good. Let Mr Martin also publish the minutes of the meeting of that ethics committee. Otherwise, I will seek to amend the Bill to enable the Electoral Commission to require him to do so.

1.58 pm

Lord Whitty (Lab): Well, my Lords, I suppose I should thank the noble Lord, Lord True, for his totally non-partisan intervention on this issue and for being the only member of the massed ranks of the Conservative Party to come here to defend the totally unbalanced status quo which exists in political funding, which largely favours the Conservative Party, whatever anomalies there may be elsewhere.

I congratulate the noble Lord, Lord Tyler, if only on his perseverance. He has many times attempted to put this rather important issue before the House, and has again produced a detailed Bill. I suppose I have to declare an interest: I am in a very small way a donor to the Labour Party and in a past life have been both a collector and a receiver of rather large affiliation fees, which are relevant to this area.

The Bill is another attempt to clean up what most of the public regard as an appalling state of affairs in political funding. It is not that I agree with every aspect of this Bill; there are some provisions that I do not agree with, and some that I have reservations about—and I may come on to those. But it is important that we debate these issues. The public are concerned about who pays for our politics, how that is disclosed and what those who pay get in return for their donations. The noble Lord, Lord Tyler, takes as his template for this proposal the report by the Committee on Standards in Public Life under Sir Chris Kelly back in 2011. Again, while I support the overall thrust of that committee, I do not necessarily agree with all its recommendations. However, the reality is that successive Conservative-dominated Governments have not taken on board what was the central thrust of that report—namely, that the public do not trust the structure of political funding within this country. That needs to be addressed.

The scandal of the six years in between Chris Kelly's report and now is that nothing has actually moved. Instead, the only thing that we got in the last Parliament—the first time we had had a majority Conservative Government for 20 years—was the Trade Union Bill, which actually made the balance more unfair. This is a bit of a nostalgic reunion party, because the noble Lords, Lord Tyler and Lord Wrigglesworth, and I sat on the Select Committee during the passage of that Bill, which restrained a bit the Government's intentions. That Bill was supposed to be about industrial relations and the proper administration of trade unions but was in fact designed to undermine a very large proportion of the financing of the main opposition party—something which, if it had taken place in Belarus, would I am sure have been before the United Nations by now. We restrained it a bit, in the sense that we slowed it down. The report from that Select Committee, incidentally, was unanimous—particularly the part of it that did not propose to change the text of the Bill but called on the House and the Government to go back to the issue and reconvene the political parties to make a new attempt to address the issues raised in the original Chris Kelly report and those resulting from the attempt to change the balance that the Trade Union Bill represented.

The provisions of the Trade Union Act will still affect the long-term finances of the Labour Party. Nothing has been proposed, or is being proposed, to balance that out by an attack on what are, essentially, the main sources of the government party's finances, which are donations from very rich individuals. That situation was compounded, as the noble Lord, Lord Tyler, said, during the referendum, when a large proportion of both sides was funded by donations from very rich individuals, with no requirement equivalent to the requirements on trade unions, which have to go through several hoops, with opt-outs or opt-ins, and have to set up a separate political fund, disclose and ring-fence it and reiterate the decision to have that political fund every few years. No other organisation or limited company, private or public, and, clearly, no individual has to go through similar hoops. The present balance—or imbalance—needs to be addressed.

There are some detailed points that I could make about the Bill, but I shall probably leave most of them to Committee. The most contentious one is that it

would limit expenditure in elections and change the nature of the taxpayer-funded part of political funding, which could be a very difficult political sell. I am not sure that the Bill in present form addresses that sufficiently, although in other contexts the noble Lord, Lord Tyler, has made a number of suggestions that we should take into account. I am not sure that the changes in how taxpayers' money is given to political parties that are dealt with in the Bill would actually alter the situation. I am not sure that we should totally rely on an amount per vote, and I am reluctant to say that it should all relate to the previous general election. Indeed, I am slightly surprised that the Liberal Democrats are proposing that. Maybe a longer-term run of popular support for parties should be reflected in any public funding.

There seems little appetite from the Government to take a new run at this, to set up an independent commission, to ask the Committee on Standards in Public Life, or even to bring in the political parties again to see whether they can reach some degree of consensus on the way forward. Admittedly, there is not much enthusiasm from the political parties either, but it is the Government who have in their hands the responsibility for the integrity of and public support for our political system. There is, therefore, an onus on the Government to give us some way forward.

I had a fairly lengthy additional point on this; the noble Lord, Lord Tyler, has, to some extent, pre-empted it, but the Bill does not. The Bill reads in a somewhat old-fashioned form, talking about a world of election addresses, mail deliveries, party-political broadcasts, election meetings and so forth, whereas we know that a lot of political discourse, and a lot of the most effective forms of political campaigning, now exist in the cyber world. Our present rules, frankly, do not address that. It is true that, when the election expenses for the last election come to be published, there will be a small line for the main political parties for advertising on social media—it has been reported this week that the Labour Party did rather better than the Conservative Party at that. It relates to placing adverts on Facebook or Twitter and is, as the Bill recognises, another form of media from traditional advertising, in one sense. But the reality is that political life in this country and elsewhere has been seriously affected by the existence of other forms of messages, not necessarily—in fact, not mainly—from political parties, but from influential, well-heeled individuals with nefarious but unpublished intentions throughout the world.

There are different views on whether the cyber intrusion into the political world is a good or a bad thing. Some regard it as a vast advance in democracy, others as a dystopian nightmare, but we cannot deny that it is there. It is true that, to begin with, progressives or, if you like, those on the left of the political spectrum, hailed it as a major improvement—the first Obama election, the Arab spring and so forth. The right in America regarded it as a negative thing, but then got to work. The book *Dark Money*, which the noble Lord has already referred to, spells out in great detail how American billionaires have greatly influenced the political weather within America, through the Tea Party, through their contacts and, essentially, not so much through advertisements and messages on social media but the intensive mining of sources of data on individuals and groups, which—without any permission from the originators of the data—were collected for commercial and other purposes. They then used that effectively to target their political message. The American right has been extremely successful. Initially, Donald Trump was not the main beneficiary of this, but he became the main beneficiary of it in the end. None of that appears in the accounts of the main American political parties, nor in the accounts of the legitimate election committees for individual candidates within America.

The noble Lord also mentioned that we had a small example of this very clearly in our referendum. This is a serious problem. If Cambridge Analytica and its related companies were using material that was not in practice declared, and if the DUP—the only political party that was party to that—was using it to campaign in Great Britain, one asks why, and also what the source of that money is. I do not know the answer to that. However, the fact that Northern Ireland has different rules on disclosure and allows, for good and understandable historical reasons, donations from outside the United Kingdom to be given to political parties, raises suspicions that that financing operates outside the normal rules for elections in the United Kingdom. Clause 29 extends the Bill to the whole United Kingdom. While we have to respect the fact that some provisions of Northern Ireland legislation are different, in general disclosure matters must be the same across the whole United Kingdom, particularly given that we are now in a situation where a party based solely in Northern Ireland is in effect part of the Government.

Some new issues have been raised. I commend the noble Lord, Lord Tyler, for bringing back the old issues, but the onus is now on the Minister and the Government. If the Minister is prepared to accept that the Bill should go further, we can discuss this again in Committee. If he wants to stop it, the best way of doing so is to announce today a new inquiry and that the Government will call together the political parties to see how best we can progress it, in which case I suspect that the noble Lord, Lord Tyler, will drop this Bill and rely on that process. If, however, the Minister does not give that commitment today, I hope to discuss some of these issues in Committee.

2.10 pm

Lord Wrigglesworth (LD): My Lords, I declare my interest as a former treasurer of the Liberal Democrats and as a contributor to them. I am very pleased to follow the noble Lord, Lord Whitty, who, as he mentioned, is one of a club of people in the House who take a close interest in these matters and have discussed them over many years, particularly in recent times.

I do not want to dwell on the past. We have rehearsed the arguments previously in this Chamber and certainly in the Select Committee with regard to the inequity of many aspects of party-political funding. As the noble Lord said, that is reflected in public opinion. The public see the inequity between the parties and would very much welcome a change to rectify it. However, the main thrust of my remarks is that things have moved on very quickly. I address that point to the Minister in particular. As the noble Lord said, changes have taken place that

[LORD WRIGGLESWORTH]
alter the whole landscape. In those circumstances, it is tremendously important that we discuss ways in which we regulate these things in the future.

My noble friend has been assiduous and persistent in raising these matters. I take my hat off to him for the way in which he has done that, and for reintroducing this Bill today and keeping these issues alive. It is a remarkable fact that Facebook was established in 2004, four years after PPERA—the main Act upon which our current system rests. That indicates the amazing speed of development of not only the digital world but of parties' campaigning activities. A series of issues need to be, and should be, considered in all-party discussions. It would be much better to proceed on that basis than any other. I think the public would welcome the sight of the parties getting together to try to reach agreement in at least some of these areas of activity. It is not just a case of the inequity of this issue: candidates and party members, a large number of whom are volunteers, as we all know, who are doing responsible jobs in their spare time at constituency level and other levels in political parties, are being put in a difficult position. They are not always as well trained and qualified as one might like and they are being put in an extremely difficult position when the law and the regulation are unclear. Look at the use of data and Facebook advertising. The best example of it was in 2015, when the Conservative Party spent £1.2 million on Facebook advertising. I find it unbelievable that that was not targeted at individual constituencies and, within those, swing voters. All the parties are of course seeking to identify those swing voters in marginal constituencies, but that is a substantial amount of money. As I said, Facebook has appeared on the scene only recently, so this is a completely new development that needs to be taken into account.

As the noble Lord mentioned, the collection and use of data must be taken into account as it becomes more sophisticated. Artificial intelligence is being used to sift and analyse it so that the targeting of advertising and other activities can be more precise than ever before. We need also to look at the role and powers of the commission and the police in relation to electoral activity.

I once had a dispute over my expenses and know how much of a distraction and anxiety that can be. I am sure a lot of Conservative MPs have experienced that following the 2015 election and the inquiries into their expenses. It is a serious matter and can lead to the end of a politician's career if things have gone wrong. There is so much uncertainty today around, for instance, the balance of national and local expenditure. What constitutes local expenditure in these days of digital campaigning and the use of data? We need to discuss that uncertainty and find a way to deal with it.

The noble Lord mentioned the position of Northern Ireland. Although dealt with in the Bill, that is another area that needs to be discussed so that agreement can be reached on how to proceed.

There is a series of issues giving rise to great uncertainty. That is unfair on the people working for parties, candidates and their supporters in their constituencies and around the country. We need to clarify this. It is for that reason, if no other, that all-party discussions on how we can proceed on these matters would benefit all the parties and enhance public confidence in our financing. I hope that in responding to the debate the Minister will say that he will institute discussions between the parties. We hope to have some breathing space before there is another election, though goodness knows whether we will or not, and local council elections are coming down the track in May in many parts of the country. It would be of great benefit if, before the next general election, we could have all-party talks to iron out these matters and bring some clarity to the situation.

2.18 pm

The Lord Bishop of Salisbury: My Lords, I too admire the commitment and persistence of the noble Lord, Lord Tyler, in bringing this Bill before the House. It was in November 2011 that the Committee on Standards in Public Life published a report on political party finance and found the current arrangements unsustainable.

My presence in this debate has been referred to a couple of times and perhaps it needs some explanation. I feel as though I have come into the engine room of the political process and am talking with a number of people who have been at this work for some time. I have arrived a bit like a chaplain in industrial mission. The role of the Lords spiritual is distinctive and one of our tasks is to lead daily Prayers. One of the best of those is, I think, when we pray for heavenly wisdom and understanding, laying aside all private interests, prejudices and partial affections. Our political system depends on a Parliament being able to do that. The pressures are subtle and money in particular can be seductive.

I am not sure whether a bishop has quoted Karl Marx approvingly before, but he said something like, "If you want to know what a person believes, ask them what they spend their money on".

The Church of England has a tendency to talk itself down, but noble Lords might note that the Church of England is strongest in its local parish form, where something like 550,000 people commit to planned giving with an average contribution of £11 per week. The Church has always been one generation from extinction, but that has been so for 2,000 years and gives some grounds for confidence.

People give to political parties because of their beliefs. A healthy political party has many members and the picture is constantly changing. The rapid rise in Labour Party membership to over 500,000 means that the party has refound financial solvency. It changes the context of this debate, although there is, as others have pointed out, an imbalance in party political funding, which gets much comment.

Political parties would give a great deal for the confidence of the financial position of the Church of England with its contributions. The health of politics and civil society depends on funding that reflects involvement and commitment, but which also has a measure of public funding. It is right that we invest in the political process. It is part of a civil society—we do in fact do that—and this Bill attempts to strike a balance.

Money in large amounts buys influence and that can make it very difficult to lay aside private interests, prejudices and partial affections. It seems entirely right that there should be cap on political funding. That is not the same as donations to things such as charities, cultural events or capital appeals, but where there are large gifts to political parties, a few individuals can make something happen which is perhaps beyond the public good. The Bill is about the body politic and the health of democracy in which large donations are intended to skew the process by buying advantage.

The Bill is unlikely to make progress in the conventional way. There is not the time nor the necessary consensus on the way forward. Yet there is a consensus that we have a problem. That is what the Bill is trying to highlight. It would be sensible, therefore, for all sides to sit down together and work out what to do, in the way that the noble Lord, Lord Whitty, suggested. It is a role of Lords Spiritual to encourage the political parties to lay aside all private interests, prejudices and partial affections, and that is what I want to encourage noble Lords to do.

2.22 pm

Lord Rennard (LD): My Lords, today is another one of those debates that may feel like "Groundhog Day" for many of us and in which we may expect to go round the houses and fail to make progress. But the two-year parliamentary Session allows us time to make progress on a Private Member's Bill, and the evidence of the last two general elections, the referendum, many media reports and what is before the courts strongly suggest that we should be adopting some of the measures proposed in the Bill

Indeed, the Minister himself in answer to a Question from me on 29 March about the ambiguity concerning what is local and what is national election spending accepted that the time will come when,

"we should stand back and look at the legislation to see whether we need greater clarity for all political parties in interpreting how that distinction should be made".—[*Official Report*, 29/3/17; col. 590.]

Just because an issue is before the courts does not mean that Parliament cannot consider relevant legislation. If that were the case, Parliament would be able to consider very little legislation at all. It would make a mockery of democracy to leave the consideration of these issues until after another general election or referendum.

The House will be pleased to know that I will not repeat my arguments about these issues from the debate on a very similar Bill held on 10 March this year. They are of course available in *Hansard* at col. 1613 for all those interested in them. My noble friend Lord Tyler has already mentioned the excellent report published in full for the first time yesterday by the Joseph Rowntree Reform Trust. It is an excellent piece of work by Chris Bowers which asks the crucial question: do the present UK election spending limits prevent parties buying elections? If they do not, and the evidence he cites shows that they do not, then we do not have a healthy democracy because one that can be bought cannot be considered to be based on fair and democratic principles. In the report, Chris Bowers expresses concern that, "There is an array of loopholes and omissions of enforcement that are allowing candidates, parties and third party actors to bypass spending constraints, thereby jeopardising both the principle of the level playing field and the previously limited role of money in UK elections". His report should be required reading for everyone concerned with the health of our democracy and the crucial link between money and politics.

Chris Bowers points out how the laws that were framed to avoid rich candidates or parties effectively buying elections are no longer working. Spending that is targeted in support of individual candidates in individual seats is not classified as such if it omits the name of the candidate and could also be described as national spending. But rather absurdly, it can mention the name of the constituency at which it is targeted, and the purpose of such spending is clearly to affect the outcome in particular seats. This spending may take the form of printed leaflets or letters delivered to voters either by volunteers or commercially by the Royal Mail and others. It can be adverts appearing on Facebook targeted at voters in a particular constituency and using data collected in order to target that constituency. But the costs of such advertising and the costs of the collection and analysis of the data may not be counted as local spending, thereby evading local spending limits.

The relevant legislation governing election expenditure dates largely from 1883 and 2000. The legislation from Gladstone's era worked for a long time, but that from Tony Blair's for a much shorter period. The introduction of national spending limits without a proper definition of national campaigning to prevent it being targeted at particular constituencies has been entirely counterproductive to the purposes of that legislation in 2000, as I warned at the time. The world of social media has now completely overtaken the legislation, and its costs, methodology and vulnerability to anti-democratic forces from other countries all require the introduction of some form of accountability to try to protect basic democratic values. My noble friend Lord Tyler and the noble Lord, Lord Whitty, also drew attention to the excellent work by Carole Cadwalladr, looking at the role and funding of organisations like Cambridge Analytica. Her work states the following:

"A shadowy global operation involving big data, billionaire friends of Trump and the disparate forces of the Leave campaign … influenced the result of the EU referendum".

These areas of campaign activity need to be properly examined if we are to ensure that our election laws are fit for purpose.

Finally, the scandals of all parties and referendum campaigns that depend on the donations of a few rich individuals will continue until we cap donations at a sensible level and consider redirecting some of the Government's advertising budget to extend existing levels of state funding to support our democracy—something which does not come free.

2.29 pm

Lord Kennedy of Southwark (Lab): My Lords, I congratulate the noble Lord, Lord Tyler, on securing a Second Reading of his Private Member's Bill. It raises important matters concerning our democracy and the conduct of elections in the United Kingdom.

[Lord Kennedy of Southwark]

Some aspects of the Bill I very much agree with but others I do not. I also think that with the pace of technological change, although some measures outlined in the Bill would be new if they became law, they would not completely have the intended effect—in particular, the clause on the free delivery of candidates' election addresses and Schedule 3 on election addresses and booklets. Although there is nothing wrong in principle with what is proposed here, I think that the collection and use of data by political parties and third parties is a huge issue that should be addressed by Parliament, and that election addresses and other leaflets are having less and less of an impact. My noble friend Lord Whitty made an important point about data-mining and the worrying trend of the abuse and manipulation of data that we are seeing. The noble Lord, Lord Wrigglesworth, was right when he spoke about the speed of change in technology, which will only get faster, and the fact that our laws are struggling to keep pace with that change.

The noble Lord, Lord Young of Cookham, may tell us shortly that there is a willingness on the part of the Government to initiate constructive discussion with the parties on these and other matters to see whether agreements can be reached but that they cannot impose consensus. If that is the case, it should happen with all haste, as the noble Lord, Lord Tyler, said. All of us in the House are well aware that the Government are drawn from one political party, so they have more interest in this matter than a statement such as that would suggest—they are not an uninterested, independent observer in these matters. As many noble Lords have said, we are at the start of a Parliament which may well run its full term, so this would be the best time to seek to make progress.

To digress slightly, I was delighted that the noble Lord, Lord True, spoke in the debate. I have not had a chance to speak to him of late but I am conscious that he recently stood down from his role as leader of Richmond council. I just want to pay tribute to him for the work that he has done there. He has been an excellent leader and is well respected throughout London and in local government circles. I suppose that, now that he has left those duties, we will see more of him in this House, which can only be of benefit to us all.

Moving back to the Bill, it is a matter of regret that it risks making slow progress, as do many other Private Members' Bills. As I have repeatedly brought to the attention of the House, that is because the Government will not allow Private Members' Bills to have their Committee stage in the Moses Room. I do not know why that is so. If some Bills were sent there, we could make more progress overall, and the business would certainly go through more quickly than at the snail's pace that we often experience on private Members' legislation in this House. Many of the Bills are sensible and uncontroversial, and would be beneficial if they reached the statute book. I see the Government Deputy Chief Whip in his place. Perhaps he will take my remarks back to his colleagues.

As I said, I do not agree with all the clauses of the Bill but it is enabling a positive discussion to take place. Prior to the election of the Labour Government in 1997, there was in effect very little legislation in respect of donations to political parties, the regulation of political parties and the regulation of campaign expenditure at a national level. The Labour Government then asked the Committee on Standards in Public Life to look at these areas and, largely out of that, we got the Political Parties, Elections and Referendums Bill, which became law in 2000, and the birth of the Electoral Commission.

I was one of the first electoral commissioners to be appointed who had been active in a political party. I and my fellow commissioners from political parties brought to the commission and its discussions a different and, I think, welcome insight into how political parties operate. There then followed other legislation to deal with a variety of issues, including loans to political parties, postal voting and individual electoral registration. Seeking agreement among the parties was always a high priority and, for me, that has to be the way to proceed.

Since then, I am afraid that that has not always been the case. You have only to look at the decision to speed up IER, the reduction in the number of parliamentary seats by 50 and the curtailing of the boundary inquiry process while, at the same time, increasing the number of Members in this House. That latter move was made by the previous Prime Minister and people were shocked by it when they compared it to the number of appointments to this House made by his predecessors, whether they were Labour or Conservative Prime Ministers.

Going through the Bill, I have no objection, in principle, to donation caps, but they have to be done in a way that will not undermine a political party's funding, as legislation cannot be used to damage one party to the advantage of another. The parties in Britain today that are represented in the House of Commons, devolved institutions and, for the time being, the European Parliament, have evolved over time, with unique histories, funding structures and mechanisms. That must be respected.

I am not sure the figures in the Bill, as set out in Clause 3(3) are correct. They will need to be looked at very carefully. There is a strong case for the donation recording and reporting figures to be looked at and uprated in the present legislation, as they have not been changed for many years. There is no mechanism to take account of inflation, which is a failure of the present legislation. Perhaps the noble Lord, Lord Young of Cookham, could address that point in his response.

An affiliation fee, paid by an individual member of a trade union to a political party, is an individual donation. I have been a member of the GMB union for over 28 years. I pay the political levy; it is my money and the donation to the Labour Party is from me. Trade unions are some of the most regulated organisations in the United Kingdom. Not all trade unions have political funds, and even of those that do, not all are affiliated to the Labour Party. I agree with the comments made by my noble friend Lord Whitty in respect of the Trade Union Act. Some of the regulation is a little overbearing, to say the least. We often hear from the Government about red tape and excessive regulation, although that never seems to apply to trade unions. I would want to look carefully

at the parts of the Bill that refer to trade unions, namely Clauses 6, 7, 8 and 9. I would also want to look at them in the round, alongside other legislation on political donations, such as political fund ballots. Such legislation should be looked at during this period as well.

Proposals around match funding for registered supporters and amounts-per-vote schemes have been talked about for many years. Again, I am not against such schemes in principle, but they have to be looked at in the overall context of the cost of politics and the financial situation we find ourselves in as a nation. On the other side of the equation, removing large donations from politics in the United Kingdom—and with that, any suggestion that people who make large donations are seeking some sort of advantage or influence—means that money has to be replaced from elsewhere.

The provisions that refer to enabling Gift Aid to apply to parties that meet the eligible represented registered parties test seem a good idea. That might encourage many more people to make donations of a smaller amount to parties, which is a good thing. More small donations attracted by parties are to be welcomed. One of the problems we have in the United Kingdom is that making donations to political parties is not seen by large sections of the media and others as a good thing. People give to charities to support good causes and they seek to do good with the money they can afford to donate. However, they always run the risk of being attacked if that donation is to a political party—but praised if it is to a charity or another good cause. Healthy, functioning political parties are essential to our democracy. Joining a political party, campaigning for it and donating money to it should be welcomed and encouraged. The right reverend Prelate the Bishop of Salisbury is right that my successor as director of finance of the Labour Party has dramatically improved its financial situation: the Labour Party is effectively debt-free these days. At the same time, we have had a few other challenges, which have been widely reported in the media. However, as the right reverend Prelate said, political parties are an important part of our national life. We need them to be healthy and functioning.

I would be very happy to end the policy development grants if other measures in the Bill were enacted. Part 2 concerns the control of expenditure for political parties. I understand the intention behind that, but I am not sure if it is the correct way forward. Like it or not, different parties will be able to raise different amounts of money. I suppose that has some correlation to their support in the country, the wealth of their donors and other factors. Often, the Conservative Party seems able to raise more money than other parties, although not always. I am not sure we should be too prescriptive; if we raise money legally, from permissible sources, outside an election, we should be able to make use of that money within legal means. It is not one party's fault if it raises more money than another.

We should look at how money on things such as the freepost could be used more effectively. For example, the system of using booklets for election addresses has been in place for mayoral elections for many years. I have no real problem with that. Leaflets generally have less effect in elections, in much the same way as we have declining newspaper circulation. They can no longer claim that they were the ones what won it. The Bill's focus should be directed much more towards the internet, adverts on various platforms and the use of and the manipulation of data, as many noble Lords referred to, and what is and is not acceptable in that regard.

I thank the noble Lord, Lord Tyler, for bringing the Bill forward. It is a timely piece of legislation. I do not agree with it all, but as I said, in many respects it enables us to have a positive debate and discuss these issues, which the Government will have to return to sometime in this Parliament.

2.40 pm

Lord Young of Cookham (Con): My Lords, I am grateful to the noble Lord, Lord Tyler, for the opportunity to discuss these important issues and to all noble Lords who have spoken in today's debate, who have experience of fighting and funding elections and being involved in the electoral process. I commend his tireless energy in seeking to reform and improve the democratic process in this country. I have enjoyed working with him on these issues over many years, particularly when we were both in opposition and therefore operating under fewer constraints. Like other noble Lords, I have reread our proceedings from 10 March. I particularly liked the last line:

"House adjourned at 1.04 pm".—[*Official Report*, 10/3/17; col. 1624.]

The noble Lord has raised the issue of party funding and expenditure a number of times in recent years and it is right to return to this subject. Many unresolved matters have been touched on during the debate. The rules on both the funding and expenditure of political parties are set out in the Political Parties, Elections and Referendums Act 2000. Both of us took an interest in that legislation in another place. Despite several attempts at reform no agreement has so far been reached on substantial changes to that system. I agree that it would be unusual to have major constitutional change introduced by a Private Member's Bill.

There are two elements to the Bill: reforming the funding of political parties, and reforming the balance of spending of political parties and candidates at elections. Both of these are complex issues and the Bill proposes significant structural changes.

Party funding is an issue we have returned to many times in recent years. Since the current system was established by the PPER Act 2000 there have been several attempts at reform. Indeed, party funding has been the subject of talks for a decade. Examples of proposals for reform include the plans put forward by Sir Hayden Phillips in 2007 and the Committee on Standards in Public Life in 2011.

In 2012 and 2013, wide-ranging cross-party talks were held with representatives to discuss many of the issues raised today and which appear in the Bill. Unfortunately, as on previous occasions, the political parties were unable to reach a consensus and all the obstacles faced in those talks have not gone away. As has been obvious from our debate and from what my noble friend Lord True and the noble Lords, Lord Whitty and Lord Kennedy, said, there is still a lack of

[LORD YOUNG OF COOKHAM]
agreement on some of the key elements in the Bill. I agree with the noble Lord, Lord Kennedy: it would not be appropriate for the Government to impose major changes on political parties without cross-party consent. It is in everyone's interest that the democratic process should continue for the moment to be funded in the way it is. We should not undermine the democratic process unless we are absolutely confident that there is a better way of funding in the future.

I am anxious to make progress with the noble Lord, Lord Tyler, so I met him in September to discuss particular clauses of the Bill where he felt progress could be made. He was good enough to recognise that the Bill as a whole was ambitious, but he hoped there might be some common ground. One subject he raised fell within the broad subject of party funding but was relatively self-contained and is found in Clauses 10 to 14, some of which the noble Lord, Lord Kennedy, just referred to on gift aid, tax relief and the rest. The Bill suggests replacing the delivery, at public expense, of one candidate's election address leaflet to each elector or household with the provision of a single booklet for each constituency, to be produced by the returning officer, as part of the way of funding some of the elements in that clause. He also suggested the abolition of policy development grants as a further means of funding those clauses.

Following our meeting, I made some inquiries to see whether this was practicable. A booklet system already exists for the limited number of mayoral elections that have taken place, as the noble Lord, Lord Kennedy, mentioned, but there would be several complexities in introducing booklets for constituencies at general elections, not least the volume and number of different versions to be produced. Returning officers who cover several constituencies would need to manage the production and printing of booklets for each constituency, which would place significant additional pressures on them and their print suppliers at the time they are most busy printing ballot papers. Furthermore, political parties on all sides may have reservations at being tied to set timetables for the production and delivery of these booklets. At the moment, for example, parties can arrange for different members of the same household to get the election address on different dates; that flexibility would be lost.

There is also no certainty that moving to a booklet system would lead to an overall cost saving to the public purse. At present, while the postage costs for the delivery of one leaflet to each elector or household per candidate are funded by the state, the candidates and parties pay for their production. The Bill suggests that returning officers would manage the production of booklets, with candidates asked for a contribution towards the costs. While the aim may be for candidates to fully fund these booklets, in practice this is not what happens for the existing booklets at mayoral elections. In some cases, only a nominal amount is requested from candidates. It is possible that any savings to the taxpayer made by reducing postage costs could be offset by the production of the new booklets. The noble Lord may wish to reflect on those points and refine his proposals to take them into account.

The other source of money to fund those clauses was the abolition of policy development grants. These total about £2 million and help political parties develop proposals for their manifestos. I think there is a public interest in having credible, well-founded manifestos. If the grant were abolished, and the sum redistributed in the way the noble Lord suggests, it is not clear that there would be much difference in the relative distribution of those funds. Unless viable ways of funding the new schemes for supporting political parties set out in the Bill can be identified, they would all involve an additional cost to the taxpayer. I think the noble Lord has conceded, as the former Deputy Prime Minister Nick Clegg said, that,

> "the case cannot be made for greater state funding of political parties at a time when budgets are being squeezed and economic recovery remains the highest priority".—[*Official Report*, Commons, 23/11/11; col. 25WS.]

We also discussed the noble Lord's proposals for varying the relative amounts of central party local candidate expenditure, something mentioned by the noble Lord, Lord Rennard, and others. On the subject of campaign spending, as noble Lords will know there are separate systems governing the spending of political parties on one hand and candidates on the other. This is another complex area that the Bill seeks to reform. There have been several recent examples of political parties being sanctioned by the Electoral Commission over their campaign spending. A case concerning candidate spending is also currently before the courts. Ensuring that the system operates effectively and is well understood is important for all of us—I agree with the noble Lord on that. Once all the cases are concluded, the Government can make a rational assessment of the effectiveness of the current legislation on election spending, as well as taking on board the many points that have been made in our debate this afternoon. The issue may be more one of timing than one of principle.

Reducing the spending limits of political parties and increasing those of candidates, as the Bill suggests, would not of itself necessarily deal with all the problems that have so far occurred. Any consideration of shortfalls in the current system would also need to look at other issues not mentioned in our debate, such as whether there is currently sufficient time for political parties to make accurate spending returns.

I mention in passing that one area not mentioned in our debate or in the debate in March is the abuse of candidates, an issue that the Government are seeking to address. It is important to our democratic process that no one is deterred from standing for office due to the fear of suffering abuse and intimidation. That is why the Prime Minister asked the Committee on Standards in Public Life to undertake a review of the intimidation of parliamentary candidates. The independent committee is considering the protections and measures in place for candidates and has gathered evidence, through a call for evidence and oral evidence sessions with the police, the Crown Prosecution Service and the political parties. A report of the recommendations to further tackle the issue will be provided by the committee to the Prime Minister in December.

I turn to some of the issues raised in the debate. I am grateful to my noble friend Lord True, who I think

suggested that there should be some restriction on the ability to reintroduce in a subsequent Session a Private Member's Bill introduced in a previous one. He said that this might save the noble Lord, Lord Kennedy, and myself from repetitive stress. I see some advantage in that; on the other hand, if I have to spend a Friday here I would rather spend it redoing a Bill on which I already knew something than having to tackle one from scratch. My noble friend was concerned with two issues. As I said in March, we are considering the issue of the donation he referred to alongside a number of others related to donation matters, although one would have to reflect on whether any legislation would be retrospective. Likewise, we need to reflect further on the issue with the Green Party. I endorse what the noble Lord, Lord Kennedy, said about my noble friend's contribution to local government and we look forward to his contributions to the House.

The noble Lords, Lord Wrigglesworth and Lord Whitty, raised the very important issue of social media, which has added a new dimension to our campaigning. It simply was not there when the legislation was introduced and we need to ensure that the legislation is fit for purpose. At the moment, any spending on social media will generally be subject to existing spending limits and reportable after the poll. It will normally be reported under the categories of advertising or unsolicited campaign material, but the Electoral Commission is actively considering how the regulatory framework should adapt to the use of social media by political parties.

The right reverend Prelate the Bishop of Salisbury added a spiritual dimension to our discussions and quoted from Prayers. I have often wondered whether, if there was something offensive to the Church on the Order Paper, the Bishop who took Prayers could simply run through the psalm book at the beginning of our proceedings so that we would never actually sit. I wonder what the Whip on the Bench would do if those ingenious tactics were ever used. The right reverend Prelate mentioned expenditure by the main parties. Expenditure at elections by my party has gone down for each of the last three elections; the less we have spent, the better we seem to have done. In 2015, we spent £15.6 million and the Labour Party spent £12.2 million, so we were ahead but there was not a huge difference. I take very much what he said about good will. We will need good will from all sides if we are to make progress on this issue.

The noble Lord, Lord Kennedy, asked me about updating some of the limits in the PPER Act. Section 155 allows the Secretary of State to update certain figures using secondary legislation and to do so by inflation. The question of using the Moses Room for Committee stage of a Private Member's Bill is something to be discussed through the usual channels.

On Northern Ireland, progress has been made. We believe in the importance of transparency to the political process, and in line with that aim, the Secretary of State intends to bring secondary legislation before Parliament that would provide for the publication of all donations and loans received by Northern Ireland parties. That would take effect in respect of donations and loans received on or after 1 July 2017. The order is at an advanced stage of drafting and we hope to lay it before Parliament very soon.

Reaching agreement on the areas raised in the Bill will be complex. Political parties have wide-ranging views and finally achieving consensus on this subject will not be an easy task. Investing significant time in cross-party talks and—even in the unlikely event that consensus could be reached—finding time in the legislative agenda to make complex changes to the system cannot be a priority. The legislative programme for this Session is already at full capacity and there is no scope for additional measures.

That is not to say that the Government do not take electoral issues seriously. We continue to consider issues as they arise and make appropriate and proportionate changes. Rather than embarking on another attempt at root-and-branch reform, we are identifying small ways in which the existing system can be improved—I have just referred to the question of Northern Ireland. When he appeared before the Constitution Committee in March this year, the Minister for the Constitution said that the Government would be open to considering small-scale measures in relation to party funding, such as looking at charitable payments and the changing role of technology. I am happy to repeat to the noble Lord the offer of a meeting that was made last time we spoke. I think one had been arranged, but it was disrupted by the general election.

However, as we have heard this afternoon, wholescale reform of the party funding and campaign spending regime does not currently have cross-party backing. Without consensus on these fundamental issues, it is only right for me to say that the Government have reservations on a Bill on such matters at this time.

2.55 pm

Lord Tyler: My Lords, I am extremely grateful to a number of noble Lords who have come again on a Friday. I am afraid we have taken rather longer than on the previous occasion, but I am full of pride for the way in which we have been able as a House to look at these issues on a consensual basis, if I may again use that word. I was particularly delighted that the right reverend Prelate the Bishop of Salisbury referred to partial affections. I have always loved that phrase, and I have always wanted to work it into a speech in the House in some way, but he has gazumped me. If my wife is still listening to this debate—she is very patient—I should make it clear that as far as I am concerned some partial affections are still entirely acceptable.

It is extremely important that we pick up one of the last points made by the Minister. Politics is a reputable pursuit. I know on a number of occasions we may find it difficult to persuade the media of this, and on the whole the public sometimes have difficulty with it, not in relation to individuals, on the whole, but as a collective. Therefore, as the noble Lord, Lord Kennedy, and the Minister said, there is a very considerable case for looking again at small contributions to political parties being treated in a similar way to making contributions to charities. That would be a small sign that public life is a reputable pursuit in this country. Politics is not just a dirty game. I will come back to that point in a minute.

I am grateful to the Minister for repeating his agreement that we should have some more discussions about what could be incremental and what consensus

[Lord Tyler]
there may be. As my noble friends Lord Whitty—he is my noble friend in this context—and Lord Wrigglesworth said, it was a very firm commitment in the discussions arising from the Select Committee on Trade Union Political Funds and Political Party Funding that the Government should look at that again, and the House endorsed that very strongly. Therefore, although a general election has intervened, I hope that that will still happen because I think we can make some progress.

On a couple of points of detail, I have not, my Bill does not and the proposals that have come forward from the Committee on Standards in Public Life have never said that there is one absolutely clear way forward. What we have said is, for goodness' sake, let us look to see whether there is some way forward. I illustrate this with a point about the Royal Mail. I am told that the distribution of election addresses in June this year cost the state £42 million. There is an illusion out there which is shared by the *Daily Mail* and some other ignorant parts of the media that somehow or other there is no state funding of politics in this country, but £42 million is a lot of money. If you add to that the £100 million or thereabouts that the Government spend each year promoting their policies, not all above the threshold of impartiality that I was referring to just now, that is a lot of money too. It is important that we should make clear that none of us has suggested a huge increase in demand upon the taxpayer. We are just saying that we should try to make sure that taxpayers' money is spent more wisely and in a way that they would accept.

That is where I very much agree with the Minister about the role of the Electoral Commission. I think the powers of the Electoral Commission should be strengthened. It is one of the specific issues that I have put in the Bill, and it has received a great deal of support in the past.

I return to the point about the reputation of politicians and politics. As the Minister said, the Committee on Standards in Public Life—I regret that the noble Lord, Lord Bew, is not in his place because he might have been able to refer to exactly where it has got to—has been asked by the Government to look at the intimidation of candidates and those active in our public life. I welcome that as extremely valuable. That inquiry into the extent of abuse this year and, I think, during the referendum is very important.

Although I welcomed the rather repetitive, if I may say so, contribution of the noble Lord, Lord True, I am disappointed that he did not take the opportunity today to apologise for the outrageous, abusive attacks by supporters of Zac Goldsmith on the former Member for Richmond Park. But that is a footnote. In the meantime, I seek the Second Reading of the Bill.

Bill read a second time and committed to a Committee of the Whole House.

House adjourned at 3 pm.