Vol. 785
No. 47

Tuesday
7 November 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/2017-11-07

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

Tuesday 7 November 2017

11 am

Prayers—read by the Lord Bishop of Gloucester.

Japanese Knotweed
Question

11.06 am

Tabled by ***Baroness Sharples***

To ask Her Majesty's Government what progress has been made in eliminating Japanese knotweed.

Baroness Wilcox (Con): My Lords, on behalf of my noble friend Lady Sharples, and at her request, I beg leave to ask the Question standing in her name on the Order Paper.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, this aggressive plant was first found in the wild in the United Kingdom in 1886 and has unfortunately become widespread here and across Europe. We are working to ensure a more successful establishment of a psyllid insect to control it. Meanwhile, local action groups, with support from government, continue to reduce and eradicate the plant; for instance, in the Medway Valley and the New Forest, where 49 separate sites have been tackled this year.

Baroness Wilcox: Is my noble friend aware that when knotweed stems are trimmed they are eaten by Japanese children? Will he tell us whether landowners with knotweed on their property can still obtain a mortgage?

Lord Gardiner of Kimble: We are discussing an invasive species. Although I am well aware that in Japan young shoots are consumed, I would not advise it here. I do not think that is a very sensible proposal for this county. On mortgages, some new policies are now available and the RICS put out a very helpful paper in 2012, which has assisted in this matter as well.

Viscount Ridley (Con): Is my noble friend aware that by far the most effective technique for controlling Japanese knotweed is the use of the broad-spectrum herbicide glyphosate, otherwise known as Roundup, which is under threat of being banned, even though it is entirely safe according to most international agencies, with the exception of one debunked study by a scientist who, it now appears, was in the pay of bounty-hunting US lawyers? Will the Government stand firm on the relicensing of glyphosate?

Lord Gardiner of Kimble: My Lords, the Government are absolutely clear that we should consider these matters on the best scientific assessment available. Both the European experts and our own experts think that glyphosate should be approved. The important point about its use on Japanese knotweed is to spray the underside of the leaves as well.

Lord Greaves (LD): My Lords, I pay tribute yet again to the noble Baroness, Lady Sharples, for her persistence in this matter. I am very sorry she cannot be here today and, if she is poorly, I hope she gets better as quickly as possible. The Minister referred to a two-pronged approach but over the years the Government have put too much hope on the prospect of armies of jumping psyllids crossing the land, chewing the knotweed in their path and getting rid of it. That will not be the answer, not for a long time at least. Is not the answer in the short run the work of local action groups, local authorities and others, to which the Minister referred? Is it not the case that the Government ought to be giving a lot more strong advice to local authorities to get on with it, because this stuff can and ought to be removed?

Lord Gardiner of Kimble: There are good examples of where local action groups have worked effectively and eradicated Japanese knotweed. In Defra we have an official who is co-ordinating the work of the local action groups. I very much endorse their work and think it is the way forward. However, research shows that we should be looking for a more robust psyllid. We have released in 16 sites this year 120,000 psyllids and I hope we will see some progress in that regard.

Lord Blunkett (Lab): My Lords, there is another very invasive species called the US crayfish, which destroys riverbanks and fish and other life in the river. Like knotweed—I got there—it can be consumed. Unfortunately, however, the licence to do so is only partial across the south and part of the Midlands; in the north of England, Scotland and Wales they simply have to be destroyed. Will the Minister consider, alongside the measures on knotweed, ensuring that we can get a grip on the US crayfish problem?

Lord Gardiner of Kimble: My Lords, I am well aware of what the noble Lord said about crayfish—this is why they are non-native invasive species—and of the importance of seeking to manage and, wherever we can control and eradicate them. They are very bad news for our watercourses. I will look into the problem, but it is very much a matter for Natural England.

Lord Tebbit (Con): My Lords, is my noble friend aware that, although a duty is laid on councils and local authorities under the noxious Weeds Act to control other noxious weeds, not least ragwort, which is poisonous to horses, one can drive along the roads and motorways of this country and see ragwort growing at the sides? Councils do not comply with their duty under the law. When will something be done about that?

Lord Gardiner of Kimble: My Lords, as we all know, ragwort is extremely toxic to animals and it is important that authorities and everyone should understand the issue of controlling it. Unfortunately, it is very widespread and I very much hope that authorities will adhere to dealing with ragwort.

Baroness Hussein-Ece (LD): My Lords, I rise with some trepidation on this subject given that there are so many experts in your Lordships' House, but I came across Japanese knotweed recently in a private burial

[Baroness Hussein-Ece]
ground in the London Borough of Enfield. I declare an interest because it is where members of my family are buried. I have written to Enfield Council asking what it will do about it, because it is growing wild and destroying graves. I have been told that it is not the council's responsibility because it is private land. Will the Minister clarify whose responsibility it is? Is it the local authority's when it is within the boundaries of the borough or the private landowner's? What powers does the local authority have to issue enforcement on this?

Lord Gardiner of Kimble: My Lords, there are community protection notices, which give local authorities and the police powers. I suggest that the noble Baroness considers that way forward.

Lord Berkeley (Lab): My Lords, is the Minister aware of Japanese seaweed? I do not think you can eat it, but it is a serious invasive species in our watercourses and rivers. What action will the Government take to try to control that?

Lord Gardiner of Kimble: My Lords, there is a list of invasive species that we very much want to manage and control. The most important thing is biosecurity and awareness campaigns such as "Check, Clean, Dry". We each have a responsibility to help deal with invasive species.

Young People: Digital Resilience

Question

11.13 am

Asked by ***Lord Cotter***

To ask Her Majesty's Government what steps, if any, they are taking to support the delivery of digital resilience programmes, such as *Be Strong Online*, in schools and elsewhere, to help young people to explore the digital world safely and to cope if they experience abuse online.

The Parliamentary Under-Secretary of State, Department for Education (Lord Agnew of Oulton) (Con): My Lords, schools decide themselves which anti-bullying programmes to use. To help, we fund a number of organisations that provide support on preventing bullying, including the Diana Awards Anti-Bullying Ambassadors programme. Our internet safety strategy, published last month, sets out that we will consider the teaching of digital resilience in schools through the development of relationships education and PSHE. We are also consulting on the role that peer-to-peer learning can play in the delivering of innovative educational programmes.

Lord Cotter (LD): My Lords, the Be Strong Online initiative is a scheme whereby young people are trained as online ambassadors to help youngsters to cope with online abuse, through school lessons. The staff in schools are encouraged by what is happening. The scheme is asking for tangible and widespread support from the Government; online abuse and bullying are very serious issues.

Lord Agnew of Oulton: My Lords, I am not familiar with that programme, but if the noble Lord wants to write to me, I will look at it. This year, we are funding four programmes: the Diana Awards; Internet Matters; the Anti-Bullying Alliance; and the Anne Frank Trust.

Lord Alton of Liverpool (CB): My Lords, did the Minister see the disturbing report at the weekend that there are now four suicides every week involving young people and children—a 14-year high? Has the Minister had a chance to look at the British Medical Journal study that found that suicide websites are more likely to be encouraging suicide, even glamorising it, than offering prevention or support? Will he look at the provisions of the Suicide Act 1961, which make it unlawful to incite, aid or abet suicide, and consider prosecuting those internet servers that continue to host suicide sites?

Lord Agnew of Oulton: My Lords, we have just published an internet safety strategy Green Paper. Initially, we are asking, on a voluntary basis, for a code of practice, as required by the Digital Economy Act. We will certainly look at the points the noble Lord has raised.

Baroness McIntosh of Hudnall (Lab): My Lords, if I am not mistaken, this is the Minister's first appearance at the Dispatch Box. I think we should welcome him and congratulate him on his appointment. Understandably, there is a great deal of focus on online issues —online bullying is a significant problem. However, offline bullying is also a significant problem. From personal experience, schools struggle to deal with that, partly because it is very hard for them to find the resources—over and above everything else they are required to do in the way of safeguarding—and to pay proper, detailed attention to both the sources and the effects of bullying in playgrounds, for example. Can the Minister say what more the Government can do to strengthen schools' ability to deal with this problem?

Lord Agnew of Oulton: The Government want to help schools to deliver high-quality relationships education, ensuring that pupils are taught about healthy and respectful relationships. Of course, bullying is very much part of that, and it goes beyond online bullying. Schools are very aware of the problems and, having seen it at first hand, I agree with the noble Baroness.

Lord Lexden (Con): With what success is the bullying of gay pupils in our schools being combated?

Lord Agnew of Oulton: Between September 2016 and March 2019, the Government Equalities Office is providing £3 million for six projects that will support schools in England in preventing and responding to homophobic, biphobic and transphobic bullying.

Lord Storey (LD): My Lords, that is an important part of education and PSHE. Can the Minister tell us when the consultation on PSHE will be concluded? Does he not agree that PSHE should be taught in all schools: maintained schools, academies and free schools?

Lord Agnew of Oulton: Recent changes to regulations have allowed the Secretary of State to require the teaching of PSHE in academies.

Lord Watson of Invergowrie (Lab): I welcome the Minister in our first meeting at the Dispatch Box. I salute his sense of adventure in joining the Government in what may be politely described as interesting times. Surveys have revealed that parents are now more concerned about their children sexting than drinking alcohol and smoking, so the Government's internet safety strategy Green Paper is certainly welcome. However, they need to spell out exactly who will pay the social media levy, how much they will pay and what it will be spent on. I realise these are questions for the future. The question of transparency for social media companies is also an issue. I want to ask the new Minister a question, but I will be happy if he wants to respond to me in writing. In May 2015, the noble Baroness, Lady Shields, was appointed Internet Safety and Security Minister—a post she held until June this year. If the Government are really serious about online safety, why has the noble Baroness not been replaced?

Lord Agnew of Oulton: I will have to respond to the noble Lord in writing, but to give some reassurance, the Digital Economy Act 2017 introduced requirements for online pornography provided on a commercial basis to be inaccessible to under-18s. The *Internet Safety Strategy* Green Paper, which we have just published, will also look at related issues.

Lord Dobbs (Con): My Lords, will my noble friend accept that the problem goes way beyond direct abuse and bullying? Many children feel intimidated and coerced into using social media in the first place. They seem to have many more friends but many fewer relationships. Will he accept that there is a need to look at the research that says that children who manage to give up social media feel liberated and strengthened, emotionally, intellectually and socially, and that we should not restrict ourselves to the narrow point, important as it is, about direct abuse? There is an education programme the Government need to take responsibility for.

Lord Agnew of Oulton: My noble friend raises an important point. Parents need to be much more assertive in the way they manage their children's use of electronic gadgets. In my case, I did not allow my children to use them until they were aged 13. That is something other parents should think about. Some of the studies we are funding this year, such as the Anne Frank Trust, help to develop a debate programme that encourages young children to think about the importance of tackling prejudice, discrimination and bullying.

Veterans: Mental Health

Question

11.21 am

Asked by ***The Countess of Mar***

To ask Her Majesty's Government whether the symptoms of neurotoxicity caused by prescribed prophylactic drugs are being addressed within veterans' mental health diagnoses.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, the majority of those serving in the Armed Forces have a positive experience, but it is our duty to make sure that veterans with physical or mental injuries continue to receive the best possible care. The *Good Psychiatric Practice* report from the Royal College of Psychiatrists states that clinicians must,

"be competent in obtaining a full and relevant history that incorporates developmental, psychological, social, cultural and physical factors".

Veterans, like all other patients, should be diagnosed in that way.

The Countess of Mar (CB): My Lords, I am grateful to the Minister for that reply, but there is a very serious problem. I think particularly of the antimalarial Lariam, which is issued to members of the military without the normal warnings you get when given a drug. In some cases there are recognised psychotic results. Unfortunately, when these men become veterans they are referred to their GPs, who often have very little knowledge about the drug or its effects and who may well treat the patient for PTSD. Does the Minister recognise that there is a severe danger of these men being given drugs that will increase their psychosis and cause them to end up in prison?

Lord O'Shaughnessy: I reiterate the point I made in my Answer: NICE guidance on the treatment of post-traumatic stress disorder is clear that clinicians should take into account a range of factors when seeking to make a diagnosis. That should include the patient's detailed case history, including medicines taken and under what circumstances. Regardless of whether the person is treated while serving or afterwards, that should be on their patient record, be accessible for anyone giving them direct care, and influence any prescriptions of treatments given. I also point out to the noble Countess that veterans' issues are now in the training curriculum for all GPs. That came out of the Armed Forces covenant.

Lord Hunt of Kings Heath (Lab): My Lords, the treatment of veterans is clearly important, but so is prevention. Will the noble Lord confirm that for the drug the noble Countess referred to, whatever geographical area you are in in the world, there is always an alternative? Will he also confirm that the Surgeon-General told the Defence Select Committee last year that he could not guarantee that every member of the Armed Forces had a face-to-face risk assessment before the drug was given to them? Have the Government now ensured that face-to-face risk assessments take place?

Lord O'Shaughnessy: For the drug in question, Lariam is the brand name and mefloquine is the generic name. There are indeed alternatives available, and only 1% of antimalarial drugs prescribed to the Armed Forces are of mefloquine. There are instances when alternatives are not available, which may be because of a particular response to individual drugs or because the prescribing details are different—mefloquine is given on a weekly basis, for example—but the proportion is only 1%. The Defence Committee set out several recommendations, one of which was that there should be face-to-face risk assessments before prescribing.

[LORD O'SHAUGHNESSY]
That figure is now up to 89% of the total; for the remaining 11%, the problem may be about recording rather than their not happening. The rate is much higher than it has been historically.

Lord Robathan (Con): My Lords, I was prescribed Lariam in 1985. When I came back from Kenya in 1986, I was specifically told that it was linked to suicide. When I became a Minister, I asked for this to be investigated, but unfortunately I was pushed off elsewhere before the results came in—it happens the whole time. Can my noble friend look again at this, because the threats from taking Lariam are often worse than the threat of getting malaria?

Lord O'Shaughnessy: I am glad to see that my noble friend is still in very good shape. It is important for me to point out that a link between mefloquine and severe and persistent psychiatric symptoms has not been established. What I can talk about is what the NHS is doing to make sure that there is proper treatment of and care for veterans and those serving in the Armed Forces. The MoD is now giving on a six-monthly basis a report to the House of Commons Defence Committee on its actions. As I said, that includes increased risk assessments and so on. This is constantly under review, not just in the government department but in the MHRA, which is the licensing authority with responsibility for drug safety.

Lord Stirrup (CB): My Lords, the Lariam case is a severe one, and I understand that the manufacturers acknowledge the link on the packaging of the drug. More broadly, the Armed Forces covenant is an acknowledgment of the debt and duty that society owes to its veterans, but one challenge for those providing public services such as within the medical profession is to identify those who fall within the ambit of the covenant. Those who most need some of those resources and some of that help from public services are the least able to identify themselves. What are the Government doing to ensure that those who provide such services are fully aware of the status of those veterans?

Lord O'Shaughnessy: On the first point, there have been reviews at European level to improve the packaging and the patient information leaflets about any risk that might attend taking this drug or indeed any others. Status as a veteran is now recorded in the NHS and goes into the patient record.

Baroness Brinton (LD): My Lords, the mefloquine help page for veterans and current serving officers is very good at explaining the signposting, but there is no mention in *Meeting the Healthcare Needs of Veterans*, which has not been updated since 2011. Only 2,000 GPs out of more than 50,000 have attended the day training course on working with veterans. Can the Minister ensure that at least one GP from every surgery has training, so that he or she can advise other GPs when they are helping to serve our veterans once they are back in the civilian workforce?

Lord O'Shaughnessy: The noble Baroness makes a good point. As I mentioned, that training is now in the curriculum, but of course that deals with the flow of new GPs as opposed to the stock of existing GPs. I shall certainly look at that and see what more can be done to make sure that GPs have up-to-date training.

Productivity

Question

11.29 am

Asked by ***Baroness Wheatcroft***

To ask Her Majesty's Government, in the light of the publication of the report by the Industrial Strategy Commission on 1 November, what steps they are taking to improve the country's productivity.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Henley) (Con): My Lords, our Green Paper, published earlier this year, sets out how the industrial strategy will aim to maximise the UK's earning power and productivity as we exit the EU and beyond. We are already taking major action to deliver our industrial strategy, including a £23 billion national productivity investment fund to drive improved productivity across the country. The White Paper, which will set out the plan for full and long-term delivery, is due to be published later this year.

Baroness Wheatcroft (Con): I thank my noble friend for his reply and I greet the commission's report with enthusiasm. It suggests that there should be long-term investment in infrastructure, skills and education, but it takes a long time for those sorts of investments to improve productivity and, in the meantime, as we heard from the CBI yesterday, companies are holding back on investment because of concerns over Brexit. Will my noble friend tell me what predictions they are making for productivity in the short term as we go through the Brexit process?

Lord Henley: My Lords, we, too, welcome the Industrial Strategy Commission's report. It is an independent inquiry, a joint initiative by the University of Manchester and the Sheffield Political Economy Research Institute, and as my noble friend will be aware, my right honourable friend the Secretary of State spoke at its launch. As I made clear in my original Answer, we will be publishing the industrial strategy later this year—I hope it will be by the end of this month—and if my noble friend will be patient, I think that when we produce that strategy she will see much there. As she will be aware, we have already made some fairly considerable announcements about investment: I mentioned the £23 billion national productivity investment fund which is there to drive improved productivity across the country, an area we certainly want to address.

Lord Stevenson of Balmacara (Lab): My Lords, I welcome the noble Lord back to the Dispatch Box in what I think is his fifth role since 2010, which must be a record of some kind. I was glad to hear him welcome the final report of the Industrial Strategy Commission, which makes very interesting reading and covers very interesting areas. One of its key recommendations to the Government is that health and social care should be at the centre of the industrial strategy. That may sound counterintuitive, but it makes the point that

using the Government's purchasing power to promote innovation in that sector and to increase productivity would be a good thing. Does the noble Lord agree with that, and will it appear in the industrial strategy?

Lord Henley: Perhaps I may correct one of the noble Lord's statistics: it is only my fourth department since 2010. It is important to get these things correct. I am glad that the noble Lord, like the Government, welcomes the report; we will certainly take note of it. As I said, we are waiting for the industrial strategy to come out later this month, and I am grateful that he makes it clear that there are matters other than government spending which are important here, particularly in dealing with questions of productivity. We want to make sure that all levers that are available to the Government can be made use of. He mentioned purchasing. We will certainly make that clear, and I hope that other departments will do their bit. He mentioned purchasing within the health service, but there are other things that the Government can do as well, in relation to deregulation and trade policy, as well as procurement, which he mentioned.

Lord Fox (LD): My Lords, I, too, welcome the Minister back to the Dispatch Box. His immediate predecessor gave those of us who are impatient for the industrial strategy White Paper a preview a couple of weeks ago. In that preview he identified three particular strands that will address the productivity issue that this commission has highlighted so well. One of those was skills, and in that he particularly highlighted apprenticeships. I am sure that the Minister has not had much time yet, but he will have noticed that the latest statistics from the manufacturing organisation, the EEF, show a 61% fall in the number of registrations for apprenticeships in the last quarter. Does he agree that this is not just disappointing, it is awful? Can he explain what the Government are doing to improve their lamentable performance over the apprentice levy, which is causing this problem?

Lord Henley: My Lords, I am not going to go into detail now but I am grateful that the noble Lord went to the meeting that my predecessor held and listened there. I agree that the figures are disappointing but again, if he can be patient and wait for the launch of the industrial strategy he will see what we are doing and what we are bringing together from all parts of the Government in this area.

Lord Howell of Guildford (Con): Does my noble friend agree that these productivity statistics can be a bit misleading? It has often been suggested that they fail to take full account of the impact of the digital revolution on production and economic activity. Does he also agree that the very high levels of employment that we are currently experiencing could in a sense be seen as a compensating asset in the overall low-productivity puzzle?

Lord Henley: My noble friend is right to stress that it is very difficult to measure productivity, but I think we all agree that our productivity levels are lower than those of a lot of other members of the G7 and that we want to do something about them. My noble friend is also right to say that there is the compensating factor—I am very grateful to him for underlining it—of record levels of employment in this country. We can be very proud of that.

Lord Green of Deddington (CB): My Lords, among other matters, does the Minister consider that the availability of a virtually unlimited supply of hard-working and low-paid workers might be a disincentive to investment and therefore have some impact on productivity?

Lord Henley: Obviously the level of employees coming in from other countries has an influence on wages and employment in this country. The noble Lord is right to point that out.

Lord Wallace of Saltaire (LD): My Lords, there is substantial evidence that a large number of companies are using the new apprentice levy to train people already employed, often in mid-executive positions, rather than going out and finding young people and training them up as new apprentices, which is what one understood the scheme was for. Are the Government going to look into that and do their best to persuade companies that they should be training young apprentices as the first priority?

Lord Henley: The noble Lord is right to point that out. It is anecdotal evidence at this stage, but it is something that we should certainly look at.

Space Industry Bill [HL]

Order of Consideration Motion

11.36 am

Moved by ***The Earl of Courtown***

That the amendments for the Report stage be marshalled and considered in the following order:

Clauses 1 to 12, Schedule 1, Clauses 13 to 17, Schedule 2, Clause 18, Schedule 3, Clauses 19 to 21, Schedule4,Clause 22, Schedule 5, Clauses 23 to 40, Schedule 6, Clauses 41 and 42, Schedule 7, Clause 43, Schedule 8, Clauses 44 and 45, Schedule 9, Clauses 46 to 59, Schedule 10, Clauses 60 and 61, Schedule 11, Clauses 62 to 66, Schedule 12, Clauses 67 to 71, Title.

The Earl of Courtown (Con): My Lords, I beg to move the Motion standing in the name of my noble friend Lady Sugg on the Order Paper.

Motion agreed.

Greater Manchester Combined Authority (Public Health Functions) Order 2017

Motion to Approve

11.36 am

Moved by ***Lord O'Shaughnessy***

That the draft Order laid before the House on 20 July be approved.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): I beg to move that the draft Greater Manchester Combined Authority (Public Health Functions) Order 2017, which was laid before this House on 20 July 2017, be approved.

[LORD O'SHAUGHNESSY]

The draft order we are considering today, if approved and made, will confer local authority public health functions on the Greater Manchester Combined Authority as agreed in the devolution deals, and support Greater Manchester's programme of public sector reform.

The Government have, of course, already made good progress in delivering their commitment to implement the historic devolution deal with Greater Manchester. Since agreeing the first deal with Greater Manchester in November 2014, we have passed the Cities and Local Government Devolution Act 2016, followed by a considerable amount of secondary legislation for Greater Manchester, including: establishing the position of an elected mayor; new powers on housing, planning, transport, education and skills; transferring fire and rescue functions and assets; and setting out the operation of the police and crime commissioner function, which transferred to the mayor on 8 May.

The draft order we are considering today provides a further significant step for Greater Manchester. Greater Manchester has identified public sector reform and population health improvement as priorities. This draft order provides for the conferral of certain local authority public health functions on the combined authority. Once the order is made, the combined authority will be able to exercise those public health functions concurrently with the 10 metropolitan district councils in its area.

The main new function is conferral of a local authority's duty to take such steps as it considers appropriate for improving the health of the people in its area. The effect of the order will be to treat the combined authority as if it were a local authority, with the same duty to improve population health and the same consequential requirements to comply with guidance and the NHS constitution, and with the ability to enter into partnership arrangements with local authorities and NHS bodies.

Conferral of local authority public health functions will enable a Greater Manchester-wide strategic leadership approach to the delivery of agreed public health functions and commissioning responsibilities—for example, public health intelligence, health needs assessment and health protection. It will support a Greater Manchester-wide approach to tackling health inequalities, variation in quality and service improvement to promote fair and equitable access and to achieve an upgrade in health outcomes for the population of the wider city. It will also support strengthened collaborative decision-making for population health through the identification of city-wide commissioning priorities and intentions, underpinned by shared principles and common commissioning standards—for example, commissioning for whole-system sexual health and substance misuse services. Finally, it will enable population health to be embedded across the city's health, social care and wider public services through the Greater Manchester strategy and the population health plan.

Noble Lords will want to know that the statutory origin of the draft order before us today is in the governance review and scheme prepared by the combined authority in accordance with the requirement in the Local Democracy, Economic Development and Construction Act 2009. Greater Manchester published this scheme in March 2016 and, as provided for by the 2009 Act, the combined authority consulted on the proposals in the scheme.

The consultation ran from March 2016 to May 2016, in conjunction with the 10 local authorities in its area. The consultation was primarily conducted digitally, including promotion through social media. In addition, of course, respondents were able to provide responses on paper, and posters and consultation leaflets were available in prime locations across Greater Manchester. As statute also requires, the combined authority provided to the Secretary of State in June a summary of the responses to the consultation, and the Secretary of State concluded that no further consultation was necessary.

Before laying this draft order before Parliament, the Secretary of State has also considered the other statutory requirements in the 2009 Act. He considers that conferring these functions on the Greater Manchester Combined Authority is likely to improve the exercise of statutory functions in the area, and he has had regard to the impact on local government and communities, as he is required to do. Also, as required by statute, the 10 constituent local authorities and the combined authority have consented to the making of this order.

In conclusion, the draft order we are considering today, if approved and made, will confer local authority public health functions on Greater Manchester Combined Authority, enabling it to play a key role in improving the health of the population in Greater Manchester. I commend the draft order to the House.

Lord Hunt of Kings Heath (Lab): My Lords, first, I thank the noble Lord for his explanation of the order. As I am going to touch on oral health in Greater Manchester, I declare an interest as president of the British Fluoridation Society.

The order is unexceptional and we support it. It takes a sensible approach, enabling the combined authorities in Greater Manchester to undertake public health duties which at present fall just to individual local authorities. The Greater Manchester Health and Social Care Partnership has published a very interesting population health plan, which has a lot of very good things in it, and I commend the local authorities and the combined authority for what they are doing.

I mentioned my interest in oral health. It is well known that Greater Manchester has very poor oral health. It is also well known that, at a stroke, this could be dealt with by the introduction of fluoridation in the water supply in the north-west. All I would ask is that when the order has gone through, Greater Manchester be gently urged, through the Minister's good offices, that an improvement in oral health be one priority that the combined authority—and indeed the mayor, who I know is a passionate believe in fluoridation—might take on. I hope the Government will encourage them in the right direction.

The order proposes that for some interventions, there can be reductions in visits to urgent care, a reduction in the number of people with chronic conditions, and that 700,000 people will be able to manage their chronic conditions more effectively. But of course, this takes place in the context of a very rocky position for the NHS and social care. The funding gap and the demographic pressures on the health service are severe.

Inevitably, this is going to impact on the effectiveness of what Greater Manchester can do on health and social care as well as public health.

11.45 am

A few moments ago at the NHS providers' conference, the chief executive of NHS Improvement talked about the rocky ride the health service will undertake over the next few years. I would also mention the direct consequence of the reduction in funding in public health that has taken place. At a time when we need greater public health interventions, it is deplorable and regrettable that public health has been cut. I shall give the Minister one example. At the weekend it was revealed that 52 local authorities—more than one-third—have closed contraceptive services in the past 12 months. Can you conceive of a more stupid decision by a local authority than to cut its contraceptive services? I certainly cannot. The Government have presided over this, and the decimation of public services. What is going to be the consequence? It will be more unwanted pregnancies and more abortions. What on earth could lead a local authority to think that this is a cost-effective approach?

Yet we know that the Government are preventing Public Health England making strong interventions in the affairs of local authorities. I say to the Minister that it is all very well bringing this order—I am quite happy with the order itself—but when are the Government going to get a grip on the public health agenda? At heart, that is the issue we should really be discussing today.

Baroness Gardner of Parkes (Con): I am very grateful to the noble Lord who has just spoken for setting out the fluoridation situation. I have written to the Mayor of Manchester on this very issue and sent him copies of all the *Hansard* replies over the years when I have asked what the difference is in health patterns between Manchester and Birmingham. The answer is always the dental situation. The general health in both the area that is fluoridated and the one that is not indicates no difference whatever. People who claim that fluoridation might be damaging to health have no foundation for that when the situation is the same in both cities.

What really alarmed me was when I read that Manchester was so desperately short of national health general anaesthetic beds for children in particular that it was having an effect on the whole bed supply, because so many children in Manchester required full clearance under general anaesthetic. It is hard to believe that it has reached a point where it is preventing other people having necessary operations. We also must not overlook the fact that those children will have been suffering considerable dental pain at the same time.

Another big pro for Manchester is that its water system is controlled by one large area, since it is large enough for that to be the case. In other local areas it might be that some very small local authority prevents the whole thing because its water would be taken into account when it was done. Greater Manchester is big enough to do this, though, and I hope it will. I am very pleased to hear that what the Minister said today is going to happen, and I am glad of the support of the Front Bench opposite.

Lord Beecham (Lab): My Lords, I declare an interest as a member of Newcastle City Council and of its health scrutiny committee. I have served long enough to recall the original reorganisation of local government, combining public health services with social care, in the early 1970s. I congratulate the Government, the Mayor of Manchester and the combined authority on taking the issue forward in the way that the Minister described. Perhaps I should also declare a rather unfortunate interest as I myself am suffering from some oral problems—not, however, as a result of any lack of fluoridation in the north-east. In fact we have a very good record on that; it is one area in which we somewhat lead the way.

My noble friend referred in passing to funding. The public health budget is under great pressure. I hope that the Minister will be arguing the toss with the Chancellor for the forthcoming Budget and the following announcement of the local government finance settlement, which will come no doubt on Christmas Eve or thereabouts. It is crucial that this innovative approach by Manchester, but also the work done by authorities up and down the country under the present system, is adequately funded, and there is a real risk of serious problems arising unless that occurs.

In congratulating Manchester and the Government on this step, however, I ask the Minister what progress he anticipates being made on the rather more difficult area of combining health and social care provision in the way envisaged by the agreement and advocated by the Government across the whole policy field. That will be much more difficult than what is being carried through in Manchester under the terms of the order. The NHS structure is so complicated that it is difficult for local authorities to deal with it adequately now in one local authority area, let alone across a wider area. I cite as an example the difficulties that my authority and the area I represent in the city are having with the clinical commissioning group, which is a big, powerful body, one of several separate powerful bodies within the NHS, and has decided to close a surgery in an area of considerable social need, quite a distance down the hill, as it were, from other surgeries and where there is a growing population on a new housing development in the area.

This suggests that any further development of the combination of health with local services will need a review of how all the partners to that manage to co-operate. It will be very interesting to see what Manchester manages to achieve in that regard. My advice to my colleagues in Newcastle would be, frankly, while exploring options to wait and see what happens in Manchester and how it works out when that stage is reached. I appreciate that we are not at that stage yet, but it is necessary to flag up some of the potential difficulties that might have to be faced if we are to have really effective collaboration across the whole field of health and social care.

Baroness McIntosh of Pickering (Con): My Lords, perhaps I may take this opportunity to question my noble friend on the fluoridation programme. I must declare an interest. I cut my legal teeth as a devil and an apprentice with Simpson & Marwick, and my devil master was the junior advocate in the fluoridation case

[Baroness McIntosh of Pickering]
brought by a pensioner who had dentures—she had none of her own teeth. She objected to the fluoridation programme to be carried out by Strathclyde regional council in the early 1980s. She won her case and Strathclyde regional council did not fluoridate the water supply at the time on the grounds that compelling evidence was led by the petitioner, Mrs McColl, to prove, among other things, that fluoride could be a carcinogen.

Has the Minister taken the time to consider such evidence, and can he assure the House that the level of fluoridation in the public water supply will not be such that any such fears will be raised in the fluoridation programme to be carried out by Greater Manchester council?

Lord Turnberg (Lab): My Lords, perhaps I may ask the Minister about infectious diseases and express my interest as a past chairman of what was the Public Health Laboratory Service and as a Mancunian. Infectious diseases know no boundaries, and it is important with any infectious disease outbreak, which may occur anywhere in the UK, that information is spread very easily to epidemiological centres and central laboratories, so that such outbreaks can be traced and checked. Is there anything in this agreement that will ensure that there is association, collaboration and co-operation with the central laboratory services?

Lord O'Shaughnessy: I thank noble Lords for their contributions and for their broad support for the order before the House today. As I outlined, it represents another significant milestone in the Government's devolution agenda and I am glad that that has been welcomed across the House. I will try to respond to the various points that noble Lords have made.

Like the noble Lord, Lord Hunt, we support the idea of the population plan, which will clearly differ from place to place where there is this kind of devolution. I stress that an important and distinctive part of this plan is that it confers on the combined authority the same powers and responsibilities as a local authority. It is therefore about them acting concurrently, rather than in an overbearing way, or seeking to override.

I have been in your Lordships' House long enough to know that fluoridation is an area of particular interest. I wonder only why it has taken so long for me to have to answer a question on it. This is a devolution deal, and it is therefore about those powers being taken locally and acting in concert. I do not think it is consistent with the idea of devolution for me to urge any combined authority to point in one direction or another, and it sounds like my noble friend Lady Gardner has been doing plenty of urging already. Any such move would have to be made in concert by all 10 of the local authorities and the combined authorities and be done through the usual processes of consultation and so on, with regard to all the responsibilities that attend on those public health powers. I hope that provides some reassurance to my noble friend Lady McIntosh.

Lord Hunt of Kings Heath: After the Strathclyde case and the ruling from Lord Jauncey, the then Conservative Government took legislation through both Houses of Parliament to make sure that fluoridation was legal and above board. That was based on evidence that has not been undermined since.

Lord O'Shaughnessy: I am trying to make the point that there is an established regulatory framework around such proposals. As noble Lords can tell, I am trying to avoid coming down on one side of the argument or the other. In the end, this is an issue both for local areas and for clinical opinion and research. On the broader position of public health, difficult decisions had to be made about local authority budgets as a consequence of the financial crisis and the deficit which it brought about. It is still the case that local authorities are getting £16 billion to spend on public health over the five years from 2015 to 2020. Alongside that, power and decision-making have been devolved to local authorities on using that money and combining it with other functions that have an impact on public health. One of these would be housing, the quality and condition of which has a huge impact on the public health of local people. You cannot both welcome devolution and say that local authorities should not have the power to act in different ways, so long as they comply with their statutory obligations. From that point of view, local authorities should not act outwith those obligations, whether in the case of contraception clinics or any other public health responsibility.

The noble Lord, Lord Beecham, asked about integration: I stress the point about pooling of budgets. As he will know, a chief officer for health and social care has been appointed in Greater Manchester. That person is an NHS England employee, because the NHS is a national health service and NHS functions have not been devolved. We are clearly trying to achieve greater integration of services, through the sustainability and transformation programme. We hope that doing this at a level where there is a degree of integration by the relevant local authorities will be fertile ground, and that it will provide evidence for and leadership in the move towards accountable care systems, which NHS England is now leading through its five-year forward view.

On the final point about information being spread to epidemiological centres, I again stress that this measure confers the powers of a local authority on to a combined authority, so it will absolutely have the responsibility to share data. Indeed, it will not be able to assume responsibility for any functions if the 10 local authorities do not want it to do so. Obviously, we hope that they will. Indeed, by committing to support this order, they have signalled their intention to do so. I reassure the noble Lord that there is absolutely no risk that these kinds of responsibilities will be watered down as a consequence of this order.

In conclusion, I hope that I have answered noble Lords' questions and inquiries about the impact of this order on fluoridation and many other issues. It is an important order and I hope that all—

Lord Hunt of Kings Heath: I am sorry to intervene again but I have just reflected on what the noble Lord said about fluoridation. He seemed to say that he was not prepared to come down on either side. That sounds to me like a new statement of government policy, as traditionally government has been in favour of fluoridation.

Lord O'Shaughnessy: That is not what I am saying. I am saying that it is for Greater Manchester to decide if that is the course it wants to pursue. That is the topic we are discussing. I hope that I have answered all noble Lords' questions.

Motion agreed.

Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017

Motion to Approve

12.01 pm

Moved by ***Lord Bourne of Aberystwyth***

That the draft Regulations laid before the House on 14 September be approved.

Relevant documents: 6th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, the draft regulations that we are considering, if approved, are the final part of the legislation needed to reduce the control over housing associations by the social housing regulator and local authorities. This is essential to allow the Office for National Statistics to consider the reclassification of housing associations to the private sector.

These regulations deal with the control of local authorities over housing associations. The control is currently exercised through councils' ability to appoint directly housing association board members and hold share membership of these organisations. I think it would be useful to give some context to these regulations. In October 2015, the Office for National Statistics decided that private registered providers—housing associations that are registered with the social housing regulator—should be classified as public non-financial corporations for the purposes of national accounts. This was because, in the opinion of the Office for National Statistics, the level of public sector control over these bodies through the regulator and local authorities was too high. Although the ONS decision was a statistical matter that does not have a direct bearing on the management structure, ownership or legal status of the housing providers, the consequence of the decision was to add around £70 billion of debt to government debt. We have been clear that we are committed to reducing public borrowing. If the ONS classification remains in place, any future borrowing by housing associations will be added to the deficit. We believe that this is unnecessary and unhelpful, given that housing associations play a critical role in delivering the homes that we need. Therefore, we have a clear objective to remove this borrowing from the public accounts to enable housing associations to get on and build.

These regulations are the final piece of legislation needed to achieve that objective. Noble Lords will already know that provisions were included in the Housing and Planning Act 2016, which came into force on 6 April 2017, to remove the majority of controls that the Office for National Statistics highlighted as a concern. Specifically, the Act abolished the requirement that housing associations must obtain the social housing regulator's consent before disposing of social housing and abolished the Disposal Proceeds Fund, which placed restrictions on how housing associations could use receipts from certain kinds of property sales, although I assure your Lordships that we have retained restrictions on how historic grant can be used to protect taxpayers' investment in the sector. The Act also restricted the circumstances in which the regulator may appoint an officer or manager of a housing association. It abolished the requirements to obtain the regulator's consent before making some types of constitutional change, such as restructuring, winding up, changes to the business object and dissolution. In terms of today's debate, the Act included the power to introduce affirmative regulations to reduce or remove the ability of local authorities to nominate board members and hold voting rights within housing associations.

I should explain that the reason we proposed to use affirmative regulations to limit local authority control, rather than to put the changes in the Bill, was to ensure that there was sufficient time fully to consider the concerns of the Office for National Statistics as they related to local authorities. It was important that we were clear about which areas represented a control and which areas were more about cementing the relationship between local authorities and associations in providing social housing. As a result of that consideration, we believe the regulations before your Lordships today represent a good balance between limiting local authority control over business operation but while maintaining the ability of local authorities to work with housing associations to prioritise and deliver the social housing their communities need.

These regulations specifically remove two areas of local authority control over housing associations. First, they remove the ability of a local authority to hold shares—and thus voting rights—in housing associations. Secondly, they ensure that local authorities can directly appoint no more than 24% of board membership, which will prevent them holding a controlling vote. We propose to remove these two controls because together they may allow a local authority to block major changes being made to the constitution of a housing association, thereby hindering it from making appropriate business decisions. In this, noble Lords can see why the Office for National Statistics considers this undue control over a private sector organisation.

It would also be helpful to give a sense of the scale of organisations that will be affected by these changes. The circumstances where these will apply will generally be limited to where a local authority has transferred housing stock to a housing association and has retained rights directly to nominate board members to a housing association board and act as shareholders. We estimate this to be around 100 housing associations out of the 1,500 currently registered. I can also confirm that these regulations provide an exemption for arm's-length management organisations—ALMOs. This is because although these may be private registered providers of social housing, they are wholly owned subsidiaries of local authorities and their debt and borrowing are already accounted for in government accounts.

[Lord Bourne of Aberystwyth]

On the specifics of these regulations, Regulation 1 sets out the scope of the regulations in that they apply in England only, and apply to private registered providers, but exclude, as I said, arm's-length management organisations of local authorities, which are wholly owned subsidiaries.

Regulation 2 allows for a six-month transition period. This will allow for negotiation between local authorities and housing associations over changes to board membership and constitutions and to consult with tenants. It also clarifies what constitutes a board for the purpose of these regulations.

Regulation 3 limits a local authority to directly appointing up to 24% of board membership of a housing association. There is nothing in the regulations to prevent housing associations appointing local authority councillors and officers to their board through open and transparent process. There is also nothing in the regulations to prevent the local authority representative being chair of the board.

Regulation 4 removes the need for the local authority representatives to be present at a board meeting in order for the board to be quorate and therefore take decisions. In other words, there cannot be a specific quorum provision that requires local authority members to be present, otherwise they could simply ensure that it is inquorate by staying away.

Regulation 5 removes the ability of a local authority to have shareholding membership in a housing association. It may be helpful to explain that the constitution of a housing association may include the allocation of a voting right to members, and some allocate a share of membership to different groups—for example, tenants and independent members. Generally, each group—that is, tenants, independent members and local authorities—currently holds a third of the votes cast at the annual meetings. In some cases, a local authority may be provided with an additional vote, sometimes referred to as a golden share, which affords them the opportunity to block constitutional changes. Once this passes, this will be outlawed.

Once made, the regulations will redistribute the local authority shareholding in equal proportions among the remaining parties—50:50. As a result, we expect tenants will have a greater proportion of the shareholding and therefore have more influence over constitutional decisions through that greater percentage. Going forward, it will be for housing associations to consider how best to structure their organisations and seek consent from the shareholding parties to make constitutional changes. In other words, what was generally divided into thirds will now likely be 50:50, between tenants and independents. Regulation 6 ensures that a majority vote cannot be set at more than 75% of the board. This will override any individual housing association constitution that is not compliant with it. That is necessary because, were it otherwise, the 24% would still be able to block some types of resolution at board level. Because of this provision, they will be unable to do so.

It is very important to address the issue of oversight during this debate. The devastating events at Grenfell Tower reinforce the need for sound oversight of organisations responsible for the safety of people's homes and lives. I appreciate that there might be some concern about these regulations if they were to prevent this. I can assure the House that these regulations do nothing to undermine or minimise the regime currently in place to monitor and regulate housing associations. It is the social housing regulator which has overall powers relating to regulation of the sector. The regulator sets and has oversight of economic and consumer standards and these remain in place, including the home standard which requires registered providers of social housing to meet all applicable statutory duties and requirements that provide for the health and safety of the occupants in their homes.

As the House will be aware, we have announced a Green Paper to provide a wide-ranging review of social housing. As well as safety issues, the Green Paper will explore the quality of social homes, the rights of tenants, service management and the wider issues of community and the local economy. The Housing Minister is undertaking a series of events across England to listen to the concerns of social housing tenants. These conversations will help to frame the Green Paper, which will influence government policy and the wider debate for many years to come.

I can also provide assurances with regard to stock improvements. As I have said, these regulations will affect around 100 housing associations, mainly those where stock has been transferred from a local authority. Where a transfer has occurred, tenants will have voted for that transfer to take place. The stock transfers will have included promises around stock improvements and, through contracts with the local authority, housing associations will still be required to deliver on these promises even though local authorities will no longer have a shareholding.

In developing these regulations, we have taken on views from the National Housing Federation, the Local Government Association, the National Federation of ALMOs and many private registered providers and local authorities. The overall message from their responses was on the importance of housing associations being reclassified within the private sector as soon as possible, so that they would not be restricted by public sector borrowing caps and could continue building. One local authority was concerned that local authority representatives would not be allowed to be the chair of a housing association if their overall board membership was restricted to a maximum of 24%. As I have said, nothing in these regulations prevents a local authority representative becoming a chair of a housing association—it is entirely possible.

Housing associations and local authorities have said that they have a wide-ranging relationship through planning, housing management and so on, and that they want this relationship to be maintained. These regulations do not change this. Some responders wanted to ensure that local authorities could still sit on housing association boards. Under these regulations, housing associations are still able to appoint to their board representatives from local authorities where these appointments have been undertaken through an open and transparent process. That is, there can be up to 24% directly-appointed local authority representatives,

plus others appointed not as local authority representatives but as those duly appointed or elected through a transparent process.

Stockholding arm's-length management organisations sought to be exempted from these regulations, because as wholly local authority-owned vehicles they cannot function without council shareholding and board appointment, and because their debt is already included in national accounts. The regulations reflect this exemption.

To sum up, it is essential that we do not let technicalities or control interfere with the ability of housing associations to build the homes that as a country we need. These regulations are the final piece of the jigsaw in terms of removing unnecessary controls from essentially private sector organisations and enabling the Office for National Statistics to consider the reclassification of private registered providers back to the private sector. The regulations affect only 100 or so housing associations out of 1,500 in the sector overall. They do not affect the oversight of health and safety standards, as that is a matter for the social housing regulator; also, they do not prevent local authority direct involvement and interest in the running of housing associations, but limit that involvement to a reasonable level so that a housing association is rightly seen as a private entity. The ability of tenants to sit on housing association boards is unaffected; indeed, it is enhanced with the pro rata of voting shares, as I have explained. Housing associations will continue to build additional affordable homes and work with local authorities to meet identified housing needs.

Subject to consideration and decision on classification by the Office for National Statistics in light of these and other changes, we expect that around £70 billion of debt will be removed from the national accounts, which will ensure that housing associations have a stable investment environment. I commend these regulations to the House.

Amendment to the Motion

Moved by ***Lord Kennedy of Southwark***

At end to insert "but that this House regrets that the draft Regulations will not improve accountability of housing associations, and will do little to advance good quality and well maintained social housing as part of the wider mix of housing supply."

12.15 pm

Lord Kennedy of Southwark (Lab): My Lords, I refer the House to my declaration of interest as a councillor in the London Borough of Lewisham and a vice-president of the Local Government Association. I draw the House's attention to what the Minister seeks to do in reducing public sector control over private registered housing suppliers as part of the Government's aim to have the Office for National Statistics reconsider classification of private registered providers. In my contribution, I intend to refer to a number of government shortcomings on a variety of housing issues across all tenures.

As we have already heard, from October 2015 the Office for National Statistics announced that private registered providers would be classified as public bodies with their debt appearing on the Government's balance sheet, due to the controls being exerted by central government through the Homes and Communities Agency and local authorities. With this regulation, a local authority will be able to nominate only up to 24% of the total board membership, along with other changes to other aspects of the constitutions or procedures that some housing providers may operate under. The Explanatory Notes to the regulations go through these and include things such as the requirement for a local authority member to be present at the board meeting, and the removal of the ability of the local authority to have an allocation of membership voting rights.

The intention of the regulations is to get private providers' debt off the Government's balance sheet. Can the Minister tell us what other options or changes the Government are making to private providers' relationship with the Homes and Communities Agency to achieve their objective—or it is purely the changes to the relationship between local authorities and private providers that they hope will deliver them their policy objective?

It is a matter of regret that the regulations before us will do little to improve the accountability of housing associations and not even build a single house. The reduction in the number of locally elected representatives that sit on the boards of private providers does nothing to fix our broken housing market. I am not aware of any concerns being expressed about the role played by local councillors, and you would have thought that the Government would have sought other measures to achieve their policy objective. Local councillors understand their areas and are the democratic link to the local community.

I have recently been reading the final report of the De Montfort University and Municipal Journal Councillor Commission, *The Voice of the Councillor*. If the Minister has not read it I would recommend it to him. It is an excellent report that must form part of the debate about councillors and their roles and responsibilities. It has a section about speaking beyond the council and shaping and influencing policy and other decisions of other bodies, and about councillors' proximity to the public. It is regrettable that the Government do not see this as an important role or, if they do, that they do not give it much weight. As I said, the regulations before us do nothing to fix the broken housing market and they do little to advance good-quality and well-maintained social housing as part of a wider mix of housing of all tenures, which is so important.

My biggest frustration with the Government on housing is the snail's pace at which they often move in respect of housing policy generally. They talk big but are not so big on action. That is why the end of my amendment says that the regulations,

"will do little to advance good quality and well maintained social housing as part of the wider mix of housing supply".

The Minister is aware that I regularly ask him and his department Written Questions on housing matters. The ones to which I have received Answers illustrate the point very well in respect of social housing and the wider housing mix from the private rented sector to home ownership. For example, the Minister and his noble friend Lord Young of Cookham have indicated

[Lord Kennedy of Southwark]
from the Dispatch Box that there are circumstances that would lead them to consider lifting local authority borrowing restrictions. In a Written Question I asked what those circumstances were, and got the Answer that it would be unwise to prejudge the outcome of these discussions by attempting to list every circumstance under which we might agree to modify borrowing restrictions. The problem with that Answer is that it has not listed one circumstance or example. I hope that in the Budget the Chancellor will lift the borrowing cap for local authorities and let them build council housing in the numbers necessary for the public sector to play its full and proper part and deliver a large number of council homes on social rents for individuals and families.

Another example is that a number of noble Lords on the Government Benches have suggested that that is the fault of planning departments and planning committees, which hold up planning applications for new developments. However, the 300,000-plus planning approvals for housing which sit there with no action negate that claim. Local government has made the point that council tax payers are subsidising the planning process and that, if they could have full cost recovery, that would help them to employ more officers. The Government have increased the fees by 20%. That is welcome but it will not solve the problem, and the further increase is out to consultation. Will the Government try a pilot scheme to ascertain the merits of the claim about the benefits of full cost recovery? No, they just refuse, as I was told in an Answer on 26 October. What is the problem with a pilot scheme?

Another example concerns client money protection. The consultation on the proposals closed in October last year. The report was published on 27 March 2017 and the very next day the Minister stood at the Dispatch Box and announced that the Government were going ahead with a mandatory scheme. The Answer to my latest Question, received yesterday, was that the Government launched another consultation on 1 November, running for six weeks. I am not against consultation, but if we are told that the Government are going to do something, at some point they have to do it.

Another example is the banning of letting agents' fees. This has been announced repeatedly in Budgets, Statements, the manifesto and the Queen's Speech and so on. The review on mandatory electrical safety checks concluded in December 2016 and recommended five-yearly checks. I understand that something might be announced today, 11 months later. I hope that we are going to get on with this—it is about protecting people's lives—and not have another lengthy consultation exercise. This really needs to happen.

Those are just a few examples where the Department for Communities and Local Government appears to have lead boots and moves at a snail's pace on housing matters or any part of the wider mix of housing supply. We have a broken housing market, as the Government keep telling us, and there is a housing crisis—no one doubts that. Throughout the whole housing mix, we have issues that need to be addressed, and the Government have to sharpen up their act and deliver on them. The regulations before us today do nothing to address those issues and that is a matter of much regret.

Lord Shipley (LD): My Lords, first, I remind the House that I am a vice-president of the Local Government Association. I thank the Minister for his explanation of this draft instrument. He referred to the Green Paper. I think that I recall his words correctly when I say that the consultation that the Minister for Housing has been undertaking is helping to frame that Green Paper. Perhaps, in summing up, the Minister will tell us when the paper will be published.

I concur with what the noble Lord, Lord Kennedy of Southwark, said about the need to build more homes, and in particular more social homes. Specifically, these regulations will not improve the accountability of housing associations, as he said—but, on the other hand, as the Minister has confirmed, only around 100 are affected directly. It is, however, a weakness in these regulations that no formal consultation was carried out with tenants. That has been identified by the Secondary Legislation Scrutiny Committee in its response to the statutory instrument. The problem is that tenants used to be council tenants, and they voted for a stock transfer in the expectation that the council would have a significant role. That role is now being reduced to 24%. As a consequence of that governance change, it would have been right to have consulted with tenants.

As the Minister explained, the regulation is being introduced to meet the decision of the Office for National Statistics to reclassify private-registered providers as public bodies, partly because of the powers of the Homes and Communities Agency and partly because of the residual role of local authorities. However, as the noble Lord, Lord Kennedy, pointed out, none of this builds new homes. It is, essentially, a governance issue. What is missing from the draft statutory instrument is any explanation as to why debt from building council housing should be treated as public sector debt anyway. This governance problem would disappear if the Treasury were prepared to define all local authority borrowing as off balance sheet.

The Prime Minister announced at the Conservative Party conference that on social housing it was her,
"mission to solve this problem".
The Prime Minister will do so only if local authorities are freed up to borrow and that borrowing is treated, as it is in other countries, not as part of public sector net debt. That is a British measure only. In other EU countries, public corporations are excluded from the general government gross debt figure—the main international measure of debt—in which council housing is classified not as part of government but as a public corporation. An exemption in the UK specifically for council and social housing from the current British measure would comply with international measures of debt. If the Government undertook that change, it would enable more homes to be built and, in particular, more social homes. Therefore, I want to ask the Minister very specifically: why do Treasury rules not reflect international conventions on how debt is counted? If we change the convention, which we are perfectly entitled to do, it would enable those extra social homes to be built.

Lord Beecham (Lab): My Lords, I endorse wholeheartedly the observations of the noble Lord, Lord Shipley, my erstwhile sparring partner in Newcastle City Council.

He is absolutely right to draw attention to the anomalous position in which public expenditure on housing is treated. It is not, after all, a matter of creating debt; it is a matter of creating assets. Admittedly, the value of those assets is somewhat eroded by the right-to-buy at a ridiculous discount provisions, but nevertheless it is real. I do not see why the Government should refrain from adopting the noble Lord's advice and getting this off the balance sheet completely.

On the mechanics of the operation, there is a curious figure of 24%. I do not know quite how you calculate 24% on, say, a board of 15—do you go up one or down one?—because it is a difficult figure and not quite a quarter. No doubt there is some obscure legal justification for having it at marginally less than 25%. I invite the Minister to say that associations should not be precluded from having in attendance at the meeting and participating in the meeting, but without a vote, more representatives of the local authority.

I repeat that they should not have the right to vote, but should have the right on behalf of the residents of the authority of which they are a member to ask questions, raise issues and perhaps make suggestions. Again, I repeat that they would not have the right to vote. Would that not be a sensible way of strengthening the local authority's role in relation to the issue?

12.30 pm

The noble Lord, Lord Shipley, also referred to the Secondary Legislation Scrutiny Committee report, which, as usual, questioned the process that the Government have gone through and in particular took the view that the arrangement,

"seems to us to imply a potentially significant change in the working relationship. We put this point to DCLG, which has responded that the Regulations do not prevent local authorities from taking part in board debates or decisions—a response which does not lead us to alter our view".

Of course, and alas, the views of the committee are not usually given much attention by the Government these days, but I invite the Minister to think again about how matters might be improved, perhaps along the lines that I suggested.

The housing position generally, as mentioned by other noble Lords who spoke in response to the original Motion, is dire. We have a desperate need for more housing, as everyone would concede. Different approaches through direct building by local authorities, housing associations and the like are obviously all part of the mix. But it is important that, whichever route is taken to increase the housing stock, there is full involvement on behalf of the whole community—and that is best reflected by local authorities. In Newcastle we have an ALMO, as many other authorities do. That works perfectly well, as far as one can judge. It seems odd that the Government should go out of their way to make the change here for, if anything, an obscure technical reason which, as the noble Lord, Lord Shipley, pointed out, has very little validity.

Lord Best (CB): My Lords, without disagreeing with anything that has been said by noble Lords so far, I support the essence of the Motion itself, which is specific. It enables local authorities still to be represented on the boards of housing associations as long as they are not more than a quarter. There is a limit that is clear—not more than a quarter. Local authority councillors can still be on boards—several of them. They can take the chair and be appointed in addition to the quarter if they have been chosen on the basis of the skills that they bring rather than simply because they are councillors. That seems a modest enough change to get us over the line to ensure that housing associations are regarded as independent bodies and not public bodies, with the convoluted arrangements that apply to public expenditure.

We need this change. Every time a housing association takes £1 in grant from the Government, at the moment, it can borrow £6 to add to that £1. That is off balance sheet and outside the scope of being on the national debt. That must continue in the future, so on the very specific aspect of the Motion, I add my support.

Lord Bourne of Aberystwyth: My Lords, I thank all noble Lords who have participated in the debate on these very narrow draft regulations on social housing. That is my answer to some of the points made by noble Lords who have complained that they do not deal with various matters. It is because the regulations are very focused and targeted on a particular issue. Noble Lords, particularly the noble Lord, Lord Kennedy, complained about the slow progress, but they focus on an important issue, as the noble Lord, Lord Best, just indicated. That is why the Government are acting with this laser-like focus. I will try to deal with the various matters that have been raised. Privately, the noble Lord, Lord Kennedy, is very much a Tigger and very enthusiastic. But publicly, on occasion he is very much an Eeyore, with no brick unhurled. Let me pick up some of these points.

Last week, in answer to a Question on client money protection from the noble Baroness, Lady Hayter of Kentish Town, I said that we would publish the consultation last week; she welcomed it. We did publish it last week, on 1 November, so it is disappointing that the noble Lord has taken a different stance on that. He also raised the issue of letting agent fees. I am sure he is aware that we published—again, to a wide welcome—a draft Bill last week, on 1 November. I am sure he must be genuinely pleased about those two things. He also raised an issue about planning fees. We have, as he quite fairly said, indicated an increase there—I think the House widely welcomed it—and are looking at ways of having a further increase. Those things should be welcomed.

The noble Lord said that this action does not improve accountability. In a sense it does, because it will place more tenants on boards. Perhaps I could try to set it out a bit more clearly than I did previously: in removing some local authority members and restricting their representation on the board to 24%, the number of vacated seats would fall to independent members and tenants, generally in equal proportions. The noble Lord, Lord Beecham, asked about the 24%, suggesting it was a strange figure. It is not at all; it is normally the case in company general meetings and, sometimes, board membership meetings—here we are talking about boards—that 25% representation can restrict the passage of a special resolution or particular type of activity through so-called negative control. By restricting it to 24% of the voting rights, we take that right away. It is

[Lord Bourne of Aberystwyth]
important that we do so in terms of the reclassification, so that there is no longer negative control. That is why it is fixed at 24%. It is not a figure plucked from the air.

The noble Lord, Lord Beecham, also raised the issue of attendance of local authority members above the 24% figure. I think the noble Lord, Lord Best, answered that very effectively by saying, as I said in the introduction —perhaps not so effectively—that additional members can be appointed who are local authority members, but they would not be there as local authority representatives. I would anticipate, as is the normal way in board meetings and general meetings elsewhere, that if the board or general meeting wants to invite somebody along as an outsider to speak, that is entirely up to them. However, that person would not be a board member or have voting rights. That is the essence of the regulation.

The broader issue of the mechanics of the classification of whether this is public debt goes well beyond the range of the regulations. As I indicated, the Office for National Statistics has decided that these private registered providers are on the balance sheet. That is why we are taking this action. Certainly, Eurostat, from the European Union, recognises this as independent advice; we are acting in relation to that. The essence of the issue, which I do not think has been fully grasped by your Lordships, is that this makes a massive difference in terms of government borrowing. If something is on the public balance sheet, then of course it contributes to national debt; if it is off it, then that gives us broader scope on borrowing. It is not on it, and £70 billion is not a small amount of money. That is why we are focusing just on this—it makes a difference.

Noble Lords also referred to the Green Paper. The noble Lord, Lord Shipley, is absolutely right that the Housing Minister is going to a series of meetings around England to discuss this with organisations and tenants. That process will not be complete by the end of the year. I anticipate that we will deal with it in 2018; I do not have a particular date, but it will not be before this Christmas. We regard this as important; it is the first activity on this front for a generation. That is significant and we want to get it right, some time in 2018. I cannot give more detail than that because it depends on the progress of my honourable friend the Housing Minister in going round the country. Noble Lords will understand that he has been, and remains, incredibly busy as the Minister responsible for policy on Grenfell, meaning that progress has been slower than it otherwise would have been.

I am looking to see whether there are other unaddressed points. I think I have now dealt with the date. I take the point on consultation, although it is not as though we have not spoken to people. We have spoken to organisations and local authorities. There was not a formal consultation, but at the same time many noble Lords have said they do not want these things slowed down. Consultation, if done formally, has quite rightly to be done according to a set structure.

These regulations are important. They give us more freedom for manoeuvre. The noble Lord asked about what else remained; this is the last piece of the jigsaw. With that, I commend these regulations to the House.

Lord Kennedy of Southwark: My Lords, I thank everyone who has spoken in the debate. I quite intentionally raised a number of government shortcomings on a wide range of housing issues. I am obviously sorry that has irritated the noble Lord, but I promise him I will keep doing it again and again. I do not know which fictional character the noble Lord represents. I will have to think about it and bring it to the next debate when we clash again. I make no apology whatever. I am the local government spokesman for the Opposition. I will point out again and again where I think the Government have got things wrong and get things right.

I have no issue with the regulations. The point is I want to see homeowner protection and the banning of agent fees. I am concerned about the constant reannouncements. We are sitting here weeks and months later and we are still going very slowly—as I said, with lead boots. My issue is the speed. I advise the noble Lord to get on and get these things done. I hope he will take that back to the department and that we will see a bit more action and fewer announcements.

My noble friend Lord Beecham and the noble Lord, Lord Shipley, referred to Delegated Powers Committee reports. They are right. They also made a point about the Treasury. Classifying these things differently would solve the problem. With that, I do not intend to press my amendment to the Motion to a vote. I am happy to withdraw it.

Amendment to the Motion withdrawn.

Motion agreed.

Charitable Incorporated Organisations (Consequential Amendments) Order 2017

Motion to Approve

12.41 pm

Moved by ***Lord Ashton of Hyde***

That the draft Order laid before the House on 7 September be approved.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Ashton of Hyde) (Con): My Lords, the order forms a very small part of a package of secondary legislation that will enable charities that have adopted the company structure, or a community interest company, to use a simple process to convert into a charitable incorporated organisation —CIO—should they so wish, and makes some consequential amendments. The order provides a right of appeal against a decision of the Charity Commission not to permit a community interest company to convert into a CIO. This mirrors the right of appeal that already exists in statute in Schedule 6 to the Charities Act 2011 for a charitable company.

It may help the House if I explain the overall package of which the order forms a small part. If approved by Parliament, the two negative resolution regulations that complete the package will also be made. The first sets out the detail of the conversion process for community interest companies and supplements the provision for charitable companies. The second

adds CIOs and Scottish CIOs to the index of company names to prevent the registration of new companies with names that are the same as, or too similar to, existing CIOs and Scottish CIOs on the index. This will help charities to protect their corporate identity. To assist in understanding the package of secondary legislation, my honourable friend the Minister for Sport and Civil Society has deposited draft versions of the two other statutory instruments in the House Library.

The CIO, available since 2013, is the first and only legal structure designed specifically for charities. It has the benefits of legal personality and limited liability for its members and trustees, but, unlike the company structure, it is subject to a single regulatory regime under the Charity Commission rather than a dual regime under both the Charity Commission and Companies House. It has proved popular, with more than 12,000 CIOs set up so far.

Some charities that had already chosen the company structure may want to change to become CIOs, and some community interest companies may want to become CIOs. That is the purpose of this package of legislation: to enable a smooth conversion process that makes it simple for charitable companies and community interest companies to convert if they want to. These changes have been developed in close consultation with the Charity Commission, Companies House and the Scottish Government. Consultation feedback showed overwhelming support, 95%, for establishing a statutory conversion process.

That is the background. The draft order before us today merely provides a right of appeal for community interest companies. I commend it to the House and beg to move.

12.45 pm

Lord Hodgson of Astley Abbotts (Con): My Lords, before we wave this goodbye, I wonder whether I could raise a couple of brief points with my noble friend. The CIO is clearly a very welcome new corporate form. As my noble friend explained, it offers trustees of charities the opportunity to obtain limited liability, where there had been a major disincentive for them in the past, as well as the alternative conversion features that he referred to.

As my noble friend also said, there is now a single statutory regulator for CIOs, the Charity Commission. Its workload will increase as these conversions take place and the number of CIOs increases. I know that it has been proposed to phase in the introduction of CIOs to minimise that additional burden; nevertheless, additional burden there must be. My noble friend will be well aware of the pressure the Charity Commission's budget has been under as a result of past cuts. I hope he can reassure me and the House that the Government are aware of the additional pressures created by this very welcome new form, which we do not oppose at all; but these are additional straws on the camel's back and the Government need to bear this in mind as we proceed with giving the Charity Commission further powers and responsibilities.

Lord Stevenson of Balmacara (Lab): My Lords, I am grateful to the Minister for introducing the order. It may appear slight and not leave much of a shadow, but it is an important step forward on a path that has been charted for the past three or four years. The noble Lord, Lord Hodgson of Astley Abbotts, who knows a thing or two about charities, has kept his light quite well hidden under a bushel, but I am sure he could speak at length about the reasons and thinking behind the measure should it be required. As the Minister said, the order is very narrow, but the next two that come down the track set out slightly wider issues, and it is useful to have the context.

I have only one point to make in general, because having read the documentation and listened to the Minister, I think the regulation has been brought forward in an exemplary way. The department should be congratulated on what it has done and how it has done it, and the Explanatory Memorandum is clear about what we are doing and why.

Our country's long tradition of charitable bodies being established under trustees who are forbidden from taking any benefit from the work they do is a noble one and should be cherished, and it has served us well in the past. However, it is interesting that the figures provided in the Explanatory Memorandum seem to suggest that that model is not as popular as it was. There may be some regulatory or other issues behind this, but it is striking that some 30,000 charities have chosen to incorporate as a company limited by guarantee and that a large proportion of new charities are choosing this new CIO operation. I should declare an interest, having worked for most of my professional life in charities and run a couple of small ones as well as being involved in large ones.

I can well understand why a CIO structure, with its benefit of limited liability and a corporate personality, is attractive, rather than the individual trustees being involved. However, I wonder whether there is a story behind this. There is a shift away from traditional routes, which may well be appropriate for small charities, particularly ones with a local focus; the bigger risks, the larger fund flows and the worries about public liability suggest that the corporate structures are now the ones to take. This is all by way of introduction to suggesting a closer look at what is happening in the charitable sector regarding structure, and whether there are good reasons for the changes we are observing. I do not expect a response today, but it would helpful at some point to receive a letter, or perhaps have a short debate or discussion of a report. These may be perfectly good and unthreatening reasons, but we should know what they are before we rush towards one model or another.

Lord Hodgson of Astley Abbotts: It might be helpful if my noble friend on the Front Bench could tell us when we are to have a response to the report by the Select Committee on Charities chaired by the noble Baroness, Lady Pitkeathley, because that would provide a vehicle for the sort of discussion that the noble Lord, Lord Stevenson, is suggesting.

Lord Stevenson of Balmacara: Indeed—my final point was to be that we have something waiting in the wings which presumably is the answer and I thank the noble Lord for raising it. That is my main point and there are two minor points around it. The first concerns paragraph 8.6 of the Explanatory Memorandum,

[Lord Stevenson of Balmacara]
which suggests that minor amendments were made as a result of the consultation, which I felt was well handled. Only one is given, which is that this order does not include,

"the requirement for charitable companies to have filed their most recent accounts or reports with Companies House before an application is granted".

On the other hand, it states:

"We will retain the requirement to refuse an application if a charity is in default".

This seems to me to be the same thing. Has the Minister any light to throw on it? If a charity has not completed its formal registration, then it will be in default, so I do not know what this adds. I may be misreading it; if so, I will be grateful to be corrected on it.

Finally, those who have followed my long and extensive career in quizzing statutory instruments will know that I am fixated on dates. The date for the introduction of this does not fall within the common commencement dates. I accept that this does not affect business, so it is not necessarily caught by that, but to choose 1 January, a public holiday, for implementation seems a little perverse and I would be grateful for any comments.

Lord Ashton of Hyde: My Lords, I thank both noble Lords for their comments. I shall start with my noble friend. Of course we are aware that there will be some work involved in this for the Charity Commission, and we also acknowledge that it has limited resources. That is why we have agreed with the commission a phased approach to implementation. It has been planning for this for a number of years and has IT processes and support systems in place. I remind noble Lords that the Charity Commission received an £8 million investment in 2015 to support its transition into a modern, effective regulator and we believe that it has made very good progress. Work is under way within government to explore future funding options, including bringing the Charity Commission more into line with the model of other regulators. All options regarding the future funding model will be properly considered by the Government and will be subject to public consultation before any changes are made.

I am grateful to the noble Lord, Lord Stevenson, for his kind words about the preparation of this order, for which I take no credit, but the DCMS team, which does, will be very pleased: I think it is merited. I take his point about the issues more generally about charities. I agree with my noble friend Lord Hodgson that the report by your Lordships' Committee on Charities, *Stronger Charities for a Stronger Society*, is awaiting a response. I can say that that will be coming soon, and soon means soon in this case.

Lord Stevenson of Balmacara: Soon never means soon.

Lord Ashton of Hyde: I have spent a long time at this Dispatch Box debating what "soon" means, and "very soon" and "imminent", but in this case it is soon. My noble friend Lord Hodgson said there are opportunities in that response. I think it will be worth reading. I am sure that in due course the business managers will arrange a debate on the report.

My noble friend did not mention, but the noble Lord, Lord Stevenson, did, that he was responsible for the statutory review of the Charities Act 2006. The Law Commission's report, which was published in September, examined a range of technical changes in charity law, many of which my noble friend posited in his statutory review. We welcome the Law Commission's report and we will respond formally in due course. I expect, but cannot guarantee, that our response will be positive. The challenge is likely to be securing a legislative slot, which may take some time.

The noble Lord, Lord Stevenson, asked why we chose 1 January. I can only assume—if I am wrong on this, I will confirm it—that it was because it is the beginning of the new year and we decided that would be a good time. He asked one more, rather technical, question, and I do not have an answer to it. I will certainly write to him.

As I explained, the order provides a right of appeal for community interest companies. The rest of the package will be laid if the order is agreed to. I commend it to the House.

Motion agreed.

International Headquarters and Defence Organisations (Designation and Privileges) Order 2017

Motion to Approve

12.56 pm

Moved by ***Earl Howe***

That the draft Order laid before the House on 21 June be approved.

The Minister of State, Ministry of Defence (Earl Howe): My Lords, the statutory instrument tabled for the House's approval relates to NATO headquarters and units located in the UK. The matters it covers are administrative and legal in nature and best understood in the context of the UK's support for NATO and the collective defence that benefits us.

NATO has been the cornerstone of UK defence since its foundation in 1949. Lord Ismay, the first NATO Secretary-General, famously said that the purpose of NATO was,

"to keep the Russians out, the Americans in, and the Germans down".

Well, America remains committed to NATO, and we are no longer trying to keep the Germans down.

When NATO was founded, it was understood that defence and security had a price. It still does. The UK remains committed to spending at least 2% of GDP on defence. We encourage those NATO countries that are below the 2% target to increase their defence budgets and aim to meet it.

On 21 March this year, when this House debated the Armed Forces, I said:

"We are doing more to lead and reform NATO; we are intensifying our collaboration with allies and partners in pursuit of our shared objectives".—[*Official Report*, 21/3/17; col. 229.]

When that debate was taking place, 5th Battalion The Rifles had started moving to Estonia as part of the NATO enhanced forward presence. The Rifles have

just handed over to the 1st Battalion The Royal Welsh. The UK framework battalion demonstrates one of the many ways in which this country contributes to NATO. The UK soldiers in Estonia benefit from fitting into a long-established NATO legal framework.

These legal frameworks underpin—or perhaps, as the noble Lord, Lord Hennessy, could say, are the "hidden wiring" of—NATO. We have the NATO status of forces agreement that was signed in 1951. Related to that is the Partnership for Peace status of forces agreement, signed in 1995. That agreement allows non-NATO countries to participate in selected NATO activities, providing a legal basis for military personnel from one country to be in the territory of another country. Finally, there is the European Union status of forces agreement, which is complementary to the NATO one.

1 pm

The 1951 NATO status of forces agreement was augmented by the Paris Protocol on the Status of International Military Headquarters, signed in 1952. This gives a legal identity to NATO headquarters and units that are based in NATO countries, which brings us to the purpose of this statutory instrument.

The UK follows a dualist approach to international law. Therefore, when we make international commitments to our NATO partners, we may need mechanisms in our domestic law to honour those commitments. The mechanism is the International Headquarters and Defence Organisations Act 1964. The purpose of the Act is severalfold: first, to recognise that headquarters have certain legal capacities and immunities, such as the inviolability of their archives; secondly, to recognise the status of military and civilian personnel working in those headquarters and the jurisdiction arrangements that apply to them; and finally, to set out coroners' arrangements.

Your Lordships will see that the statutory instrument amends the application of the Act and that quite a large number of NATO headquarters are based in the UK. We welcome this and the contribution that these headquarters make to our security and that of our NATO allies. Over the years, the function, and therefore title, of some of them has changed a little, and we are taking this opportunity to ensure the list of headquarters is up to date. The names of two headquarters change. The Maritime Component Command Headquarters Northwood—CC-MAR HQ NORTHWOOD—becomes the Allied Maritime Command, or MARCOM. The Intelligence Fusion Centre—IFC—becomes the NATO Intelligence Fusion Centre, or NIFC.

Additionally, two new headquarters are listed. The NATO Centralised Targeting Capacity is located at RAF Molesworth and has intelligence collation and analysis functions. Also we have the 1st NATO Signal Battalion, part of the NATO Communications and Information Systems Group. One part of the battalion is based in Blandford, mostly British Royal Signals soldiers who have moved back from Germany. They are used by NATO to manage communications and information systems.

I was grateful for the comments from the noble Lords, Lord Tunnicliffe and Lord Touhig, earlier in the year on this instrument. In the light of these, the MoD amended the memorandum to reflect that the SI was essentially NATO business that did not directly connect with the EU. I will be happy to try to answer questions that your Lordships might have, and in the meantime, I beg to move.

Lord Campbell of Pittenweem (LD): My Lords, I am sure the House is grateful to the noble Earl for his very lucid setting out of the statutory provisions that are engaged here. Without the help of the House of Lords Library, I still managed to chart a rather uncertain course through the legislation. I wonder whether it is not now time for a review, or perhaps a revisal, so as to bring together, in one statute, the various provisions to which the noble Earl referred.

I make no challenge to anything that the noble Earl has said in support of this, although there is one article in the order which he may be in a position to answer some questions about. In Article 5, the immunities which are otherwise conferred are subject to the exception of,

"the seizure of any article connected with an offence; or … the seizure of any article under the laws relating to customs or excise".

I can understand the purpose behind these exceptions, but I am interested to know—it may not be possible to answer this off the top of the head—just how often these exceptions have been called upon.

The issue of NATO is one which we debate as part of wider consideration of defence. I wonder whether it is not now necessary to have a full-scale debate on NATO, not least because of the potential consequences which there may be for that organisation as a result of the decision to leave the European Union. The United Kingdom, of course, is not leaving NATO, but it seems to me inevitable that there may be some consequences—political, perhaps, if anything—from that decision.

As the noble Earl will understand, some have taken the opportunity of the result of the referendum in this country to reopen the argument in favour of a European army. I will say in parenthesis that I have been told by some who voted to leave that they did so because of the possibility of a European army—but of course by the very act of leaving, we have robbed ourselves of the veto which we could undoubtedly have imposed in relation to that. I take the very strong view, fervent remainer though I may be, that the creation of a European army would be wholly inappropriate and have damaging consequences for the defence of the whole of the north Atlantic area, in particular for those countries in Europe that apparently have such enthusiasm for it.

I did a little research on this. As long ago as 2008, Madeleine Albright, who was then the Secretary of State in the United States, during a discussion about the extent to which there could be a more independent security and defence policy for the European Union, drew attention to what came to be called the three Ds: delinking, discrimination and duplication. Her argument was very strongly in favour of the fact that what was then being proposed could well have the consequence of reducing the essential commitment to NATO, from which we all derive strength and support, by the United States.

At the Warsaw summit, NATO resolved that there should be much closer co-operation with the European Union, but of course co-operation is rather different

[Lord Campbell of Pittenweem]
from the notion of establishing separate structures, separate command and control and, perhaps most significantly in this context, a separate area of expenditure by European Union countries on defence, thereby taking away expenditure necessary to achieve the 2% target, which was of course established at the summit held at Celtic Manor. I have little doubt whatever about the importance of continuing the argument against a European army.

I finish by saying that the enhanced forward deployment to which the noble Earl referred is an important illustration of the fact that Baltic countries in particular can look to NATO for the kind of support which they feel it necessary to ask for in the light of what one might describe as the more expansionist attitudes of Mr Putin and Russia. It is no secret that Mr Putin would wish to destabilise NATO. That seems to be the strongest possible argument for its continuance.

Lord Tunnicliffe (Lab): My Lords, I feel I must apologise to the House because, amazingly enough, I did not come equipped today to discuss Brexit, European armies, NATO in general, the 2% target, Russia, Putin or anybody else. But since we are making general points, I would point out that the Labour Party does support NATO—indeed, we are proud to have actually created it.

I have taken rather the opposite point of view. Given the constitutional niceties of this House, even to suggest that one is going to oppose an affirmative resolution produces a constitutional crisis that rocks the whole building. Whenever I stand up at the Dispatch Box, it is because I have drawn the short straw because I have the SI to do. I spend some time working out what to do to make it interesting. Sometimes you expose the Government's poor performance, as we did last night, or point out that the order is not going to work, take a swipe at the primary legislation, ask some clarifying questions or ask that clever question that rocks the Minister back on his heels and sends him scrambling for the Box. On this occasion, however, despite the considerable efforts of my researcher and myself, I have to report that we have no questions and the Opposition are content that the order should be approved.

Earl Howe: My Lords, I thank the noble Lord, Lord Tunnicliffe, in particular for not asking me any questions. He need make no apology at all for that. I am pleased that he is content with the order, which, as I said in my opening remarks, is essentially legal and administrative in nature.

I was grateful for the comments and questions from the noble Lord, Lord Campbell of Pittenweem. He expressed his view that collating the legal arrangements that are in place could be to everyone's benefit. I well understand why he should make that point, but the advice I have had is that consolidation would be quite difficult because there are complex interactions between our international and our domestic law. For that reason, I suspect it would be unlikely to attract parliamentary time. Still, I am sure his point has been registered in the right quarter.

The noble Lord asked how often the exemption mentioned in paragraph 5 had been relied upon. The advice I have had is that criminal problems with NATO personnel are extremely rare, and therefore the seizure of articles would be similarly rare. It is always beneficial for this House to return to the subject of NATO, which, as we always say, remains the bedrock of our defence in this country. I am sure that if we did set aside time to debate NATO and matters relating to it, though the noble Lord will understand that that is not in my gift, it would attract considerable support from around the House. As he intimated, it is particularly relevant at the moment in the light of our impending departure from the EU.

The proposal, if that is what it is, for a European army is not one that I or my colleagues sense has generated a great deal of support among European nations generally, particularly not in Germany. However, the subject keeps bubbling up. Our position, in talking to our European colleagues about this country's future relationship with the common security and defence policy, is to make clear that anything that makes it more difficult for us as a country to continue engaging with the EU after we come out would be retrograde. Our red line here is that there should be no infringement of the Albright principle of duplication; if the EU were in some way to duplicate what we already have in NATO, that would be both unnecessary and damaging. We think that message has hit home, but of course after we leave we will have no direct influence on what the remaining member states decide to do in this area.

I hope I have covered most of the noble Lord's points, although one could elaborate at length on many of them. If there is any doubt on the subject, the relationship that the UK continues to have with the United States remains broad, deep and very advanced at every level. The collaboration we have with the US extends across the full spectrum of defence, including intelligence, nuclear co-operation, scientific research and flagship capability programmes. That has continued under President Trump's Administration. From our many conversations with our American colleagues, we know our shared priorities include the fight against Daesh and the importance of NATO as the bedrock of our collective defence. President Trump, Vice-President Pence and Secretary Mattis have all confirmed the US commitment to NATO.

If I have omitted to come back on any of the noble Lord's points, I will of course write to him.

Motion agreed.

Risk Transformation Regulations 2017

Motion to Approve

1.16 pm

Moved by ***Lord Young of Cookham***

That the draft Regulations laid before the House on 12 October be approved.

Lord Young of Cookham (Con): My Lords, I hope that the noble Lord, Lord Tunnicliffe, will be in an equally benign mood when he addresses the regulations in my name.

The Risk Transformation Regulations 2017 introduce a bespoke regulatory framework for insurance-linked securities business in the UK, announced at Budget 2015. The regulations comprise three main elements. First, they provide for UK regulators to apply a new authorisation

and supervisory regime for insurance-linked securities vehicles in the UK. Secondly, they introduce a new type of company to enable multiple insurance-linked securities deals to be managed in a single company. Finally, they set out the rules for the issuance of insurance-linked securities investments so that the interests of protection buyers and investors are protected.

In an insurance-linked securities transaction, risk is transferred from an insurer or reinsurer to the capital markets. An insurer contracts with an entity specifically established to take on insurance risk. These entities are often known as insurance special purpose vehicles, and are called "transformer vehicles" in the regulations. The insurer transfers a specified risk to the transformer vehicle, paying reinsurance premiums for the risk transferred, and the vehicle then raises collateral to cover that risk by issuing securities to capital market investors. Investors earn income on their securities from the premiums paid by the insurer. Should the insured event take place, the collateral is released to the insurer to compensate them for their loss. If the insured event does not take place, the collateral is returned to investors. Investors are attracted to insurance-linked securities transactions as they offer a return that is uncorrelated to the performance of traditional financial markets.

Insurance-linked securities are now an important and growing part of the global specialist reinsurance market. As of 2017, more than $90 billion-worth of insurance-linked securities have been issued. By enabling insurers to access alternative sources of capital from the capital markets, this business has brought much-needed additional capacity to parts of the reinsurance market. However, despite the importance of London as a global insurance hub, the rapid growth of the insurance-linked securities market has taken place elsewhere.

The March 2015 Budget therefore announced that the Treasury, PRA and FCA would work closely with the London market to develop a more effective framework for insurance-linked securities business. The London market established an industry group, the insurance-linked securities task force, and over the past three years, the Treasury, PRA, FCA and insurance-linked securities task force have worked together to design the fit-for-purpose regulations that are before the House today. At its heart, therefore, the insurance-linked securities project aims to ensure that London and the UK maintain their position as a global insurance hub—and I am sure that noble Lords will agree that any attempt to increase the competitiveness of the UK's financial services offer is welcome.

The regulations are split into four parts, and they achieve three broad aims. Part 2 implements a new authorisation and supervision regime for insurance-linked securities vehicles, which will be overseen by both the Prudential Regulation Authority and the Financial Conduct Authority. The PRA will be the lead regulator. By providing a robust and efficient framework for the supervision of insurance-linked securities, consistent with requirements set out in EU law, investors and protection buyers that use UK vehicles will benefit from the world-class financial regulation that the UK provides.

Part 3 ensures that only sophisticated or institutional investors can be offered insurance-linked securities in the UK. As I explained a moment ago, in an insurance-linked securities deal, when an insured event occurs, investors are liable to lose some or all of their capital. These are complicated financial instruments, and it would be wrong for public retail investors to be able to purchase these investments. That is why the regulations restrict the types of investors who can purchase insurance-linked securities; these investors will often hold investments in a number of different insurance-linked securities vehicles to both diversify their holdings and minimise the risk of losses.

Part 4 introduces a new form of corporate body called a protected cell company. A protected cell company allows multiple insurance-linked securities deals to be managed in a single company. Each new deal is held in a cell, and the structure of a protected cell company ensures that each deal's assets and liabilities are ring-fenced from one another. This type of structure is already common in the insurance-linked securities market and allows for a more efficient management of risk than a new vehicle being set up for each individual deal. Protected cell companies will be carefully regulated by the PRA and FCA, with the PRA ensuring that each cell is fully capitalised.

Unlike conventional reinsurance, insurance-linked securities transactions do not pool risk. Indeed, the regulations require risk to be segregated: the transferred risk of one insurance or reinsurance entity cannot be combined with the risk of any other entity. Nor do these transactions lead to the leveraging or undercapitalisation of risk. They are not a way for insurers or reinsurers to avoid their responsibility of carefully ensuring that their risk is suitably capitalised.

In insurance-linked securities transactions, the transformer vehicle takes on a specific risk and must hold collateral that is at least equal to the risk that has been transferred to that vehicle. The Bank of England and Financial Services Act 2016, which amended the Financial Services and Markets Act 2000 to provide the enabling powers for the risk transformation regulations, defines risk transformation as the activity of assuming risk from an entity and fully funding exposure to that risk by issuing investments.

Regulations therefore ensure that each and every insurance-linked securities deal in the UK will hold capital that is at least equal to the risk that it has assumed. There can be no leveraging, pooling or undercapitalisation of risk in these transactions. This will ensure that insurers can rely on the protection they arrange through insurance-linked securities deals. That is an important point to bear in mind, considering the terrible impact of Hurricanes Harvey, Maria and Irma in the US and the Caribbean recently. These hurricanes represent some of the largest loss events that the insurance industry has seen and have tested the insurance-linked securities market's capacity to respond and pay out on claims.

To summarise, the regulations before the House today are aimed at improving the competitive position of the UK insurance market by giving insurers and reinsurers a fit-for-purpose regulatory regime for insurance-linked securities.

[Lord Young of Cookham]

We have heard that insurance-linked securities are a growing market—indeed, 2017 has seen a record issuance of insurance-linked securities, with more than $11 billion issued this year alone. EY has estimated that the market could grow to $224 billion by 2021, and the CEO of Securis, a UK-based insurance-linked securities fund has said that,

"the opportunity set for ILS has never been better".

It is therefore the right time for the UK to improve its offer in this market. These regulations will be accompanied by new tax regulations that provide for a more competitive and straightforward tax treatment for authorised insurance-linked securities vehicles in the UK. The moves have been welcomed by the industry. I am pleased to say that the London Market Group, which represents London's insurers and reinsurers, has welcomed this new framework for insurance-linked securities business. I beg to move.

The Earl of Kinnoull (CB): My Lords, I thank the Minister very much for his clear explanation of something which I suspect was not his home ground. It is, however, my home ground in some ways. This is an important statutory instrument, and I declare my interests as set out in the register of the House, in particular those in respect of the non-life insurance industry. I very much welcome the instrument, as it will allow London to take a full part in this extremely interesting new reinsurance market. I say a full part because London has been part of issuing and buying insurance-linked securities for some time, we just have not had the apparatus of protected cell companies, an apparatus which exists conveniently in Guernsey and very conveniently, in a market-leading sense, in Bermuda. I should also say that the first issuer in London of such a thing was my company in 2002, so since then, from a standing start, the market has got to the size that the Minister mentioned.

I very much congratulate the Treasury, which has slaved away for two years with a whole team of people, but I know that the London Market Group has been a particular part of that, and has shown considerable flexibility in changing a mindset, because protected cell companies are a very different structure to those we are used to in this country. It is a big market. I found some notes from when I was sitting on a panel discussing insurance-linked securities in New York in 2011. Then, the worldwide issuance was US$30 billion, and the London Market Group tells me that it is $89 billion—I am pleased to hear that it has grown by $1 billion overnight to $90 billion. The average maturity of the securities is under three years, which means that market issuance is about $30 billion a year, so it is a very big market for those who are going to run PCCs to have a go at.

There are one or two other benefits for London which were not mentioned in the introduction. First, these securities are listed—obviously, we have two very convenient stock exchanges here, which I hope are hungry for business. Secondly, the money in these structures has to be managed, and we have plenty of fund managers who are happy to do that. Also, being here in the London market will be of benefit because one is very close to innovation. There is a lot of innovation in London. The Caribbean wind storms that have gone through recently need a lot of innovation, because those islands do not have the wherewithal to buy traditional reinsurance—it is too expensive—and this may provide a route. I know that people are working on that. I know that a number of people who are working are assuming that we will approve the regulations, and their great hope is that the first transaction will be done before year end.

If I had any concerns, and purely to ask the Minister something—I do not really, because I think that we have taken the best of breed from all the PCC structural developments around the world—it would be that I note that the PRA is left with a couple of powers which if incorrectly exercised could lead it to deal damage to the market. The first is the cost of each cell and the costs of regulation. Of course, when you are deciding on the jurisdiction of your special purpose vehicle, cost is key. I hope that the PRA will think about that. Secondly, paragraph 63 enables the PRA to ask for information about each new cell when it arrives. Obviously, it could ask for a tremendous laundry list of stuff. I hope that it will be proportionate in what it does. Can the Minister confirm that the PRA intends to be pragmatic and proportionate in its approach to this new market in the UK?

1.30 pm

Lord Tunnicliffe (Lab): My Lords, I thank the Minister for introducing the order so thoroughly. As he outlined, the Risk Transformation (Tax) Regulations 2017 create the regulatory and supervisory framework for insurance-linked securities. ILSs allow companies to obtain reinsurance protection from a new pool of capital separate from traditional reinsurance, meaning the direct transfer of reinsurance risk to the capital market. The proposed framework is composed of three elements: the corporate structure for insurance special purpose vehicles or ISPVs, called protected cell companies or PCCs; an authorisation procedure for the PRA and the FCA; and the specific tax arrangements for ILSs.

Before I turn to some specific questions which arose from my reading of the regulations, impact assessment and consultations, I will say something about ILSs in general. The assumption—I use that word deliberately—is that they ought to have little or no correlation with the wider financial markets as their value is linked to non-financial risks such as natural disasters, and therein lies my concern. The Government have made no attempt to conceal the fact that the UK will be venturing into the unknown. Indeed, on the first page of the impact assessment the Treasury states:

"London would be the first major financial centre to offer ILS solutions and we think that a major and well trusted financial centre can help grow the global ILS market".

This is not a statement of certainty. Given the admission that the UK is breaking new ground, I would have expected the Government to have been keen to assess the impact that the introduction of more risk to the market could have on the financial sector as a whole. An IMF working paper puts it well, stating:

"The growth in recent years of Insurance-Linked Securities has widened the exposure of investors (mostly hedge funds and specialist investment vehicles) to insurance risks originated and managed by insurance companies ... But the effect is that catastrophic insurance losses can now be transmitted directly to investors without the cushion of the insurance company's balance sheet".

There seems to be an untested assumption, throughout the Government's proceedings, that there is no correlation between ILSs and economic stability. Am I wrong? Have the Government carried out such risk assessments? If they have, I would be grateful if the Minister could publish them. If not, will he go back to his department and urge it to produce them? It is this lack of inquiry which makes me doubly concerned about the lack of a requirement for a formal review to take place.

The Government have stated that there are a number of issues they intend to review periodically, including whether protected cell companies could be used for other purposes and the untested authorisation and supervision of ISPVs and MISPVs. How did they arrive at the view that a formal review, perhaps within a year of these regulations coming into force, was not necessary? I suggest that there are plenty of measures which would merit review: the extent to which ILS shares are traded on a secondary market, the usage and impact of PCC gateways and the tax treatment. The noble Lord knows that conventions dictate that we do not test the opinion of the House on such matters, but let that not undermine the importance that I place on these questions.

I have a few specific points. The first relates to the tax measures. This third component is in separate regulations—the Risk Transformation (Tax) Regulations 2017 — which are not being debated today. Surely it would have made more sense for the two instruments to be debated alongside each other? Can the framework come into force without the tax elements in place? When does the Minister expect this House to debate the tax treatment for ILSs?

Moving to the insurance mechanisms, a PCC will comprise a core— which is the legal entity—and a number of cells. Will there be a limit to the number of cells each ISPV will be authorised to have? Has the department carried out any analysis on the estimated number of cells each company will run? I ask with particular concerns that an unlimited number of cells would increase the risk of instability in the market, especially if cells are grouped. I understand that this grouping of cells will be allowed in limited circumstances. The Government consulted on how the PRA may impose limitations on how PCCs use these gateways, so as to ensure that cells are used with care and are consistent with the EU Solvency II directive. Will the Minister outline the circumstances in which the PRA would enforce such restrictions?

My final point is about the Government's decision, as a result of listening to consultation feedback, to change from a pre to a post-transaction notification period to the PRA for new multi-arrangement insurance special purpose vehicle cells, or any assumption of new risk. Why the change? What objections were raised to what sounds like a perfectly reasonable suggestion? As a result of this shift in approach, the Government have stated that the necessary safeguards are in place. Will the Minister outline what these are? The consultation response goes on to say that,

"it will be proportionate for the PRA to give permission to mISPVs to enter into specified kinds of risk transfer deals in the future without the need for further authorisation, provided that those future deals are in accordance with the limitations as set out in the mISPVs permission".

Is it the PRA's responsibility to monitor whether deals are in line with expectations or is the onus on the company to report it?

As I have made clear, although we will not vote against this order, I am deeply concerned that the Government are inviting further risk into an already unstable and uncertain market without fully considering the consequences. I hope that the noble Lord can relieve some of my worries in his response.

Lord Young of Cookham: My Lords, I am very grateful to the noble Earl, Lord Kinnoull, and the noble Lord, Tunnicliffe, for their comments on these regulations, the light they have shed on them and the perceptive questions they have raised. I am grateful to the noble Earl for identifying that his company—clearly in the forefront of developing this market—has been dealing with these securities for some time. He made the point that the infrastructure needs improving if we are to capitalise on our strengths, and that developing these vehicles in London means that they can then utilise some of the other strengths of the London capital market, such as fund management. He raised issues about the costs. I understand that the PRA and FCA have both set out the costs of authorising ILS vehicles. The proposed costs are already known to the market and so far the industry has not expressed any concern about them. Indeed, the fact that we are developing a fit-for-purpose regulatory structure has been welcomed.

The PRA is aware of the concerns about timing and has said that it aims to improve straightforward ILSs within a six to eight-week timeframe. Given that this is a new activity for it, I expect there will be a learning curve. As time progresses, this may be less steep and it may be able to turn applications round more quickly. However, once the initial authorisation of a vehicle has taken place—this is the protected cell company—each ILS deal can then be added, without having to be approved by the PRA, so long as it complies, as the noble Lord, Lord Tunnicliffe, has just said, with the vehicle's overall business plan. This will allow ILS deals to be conducted at speed within an authorised vehicle.

On the question of these instruments being listed on the stock exchange, the regulations do not prevent the trading of these instruments on a secondary market. However, as I said when I introduced the regulations, if trading of these instruments is to occur, the secondary marketplace should be accessible only to sophisticated or institutional investors, and this will be regulated by the FCA. We do not want retail investors to be able to purchase these securities as they are clearly unsuitable for retail investment.

On the important issue raised by the noble Lord, Lord Tunnicliffe, the Government's view is not that we are entering into the unknown by seeking to attract this business to the UK because, as we heard from the noble Earl, ILS is now a well-established and well-understood industry that has been part of the global reinsurance market for some 25 years. Therefore, the ILS business model and the contribution it makes to increasing capacity is well understood and it is clear that ILS has made a positive contribution to global reinsurance capacity. The ability to conduct ILS business in the UK, or indeed across the EU, is not new. Indeed, under the EU's Solvency II Directive, the UK

[Lord Young of Cookham]
is obligated to permit and regulate this business. What is new is the regulatory fit-for-purpose framework we are introducing through these regulations, which will ensure not only that we remain a competitive market but that ILS business is conducted to high prudential standards.

The noble Lord referred to impact assessments. As he will know, government departments are required to produce impact assessments for any new regulations they seek to introduce. One such assessment was submitted for the Risk Transformation Regulations and cleared by the Regulatory Policy Committee. As ILS is already possible in the UK, the purpose of that impact assessment was to determine whether the new framework would increase costs for business or the regulators. The conclusion, consistent with the objective to make the UK a competitive environment, is that it would not. What is difficult to estimate is how much ILS might be attracted to the UK.

The noble Lord also raised the important issue of the impact that developing this market might have on overall financial stability. This will not be the case. Unlike conventional reinsurers, ILS transactions do not pool risk, as I explained. Deals must be fully collateralised—the transformer vehicle must raise and hold collateral which is sufficient to meet its reinsurance obligations. These deals are not a way for insurance companies to leverage or hedge their risk or avoid the proper capitalisation of risk that is required under the Solvency II directive, so each risk is in a sense insulated within its own cell. Indeed, I would argue that if these transactions are arranged prudently, they can contribute to financial stability because of the way they are composed. The noble Lord may be interested to know that Hiscox carried out an insurance sector stress test in January of this year which underlined the importance of ILS in providing an alternative source of capital for insurers to draw on in times of crisis.

The noble Lord addressed the point that I made that this market was not correlated with general financial markets. A range of publicly available studies has looked at this issue, so again, we are not dealing with the unknown. For example, one report published in 2016 by the Chartered Financial Analysts Institute concluded that:

"ILS products allocate capital efficiently while providing positive returns for investors—returns that offer true diversification because they are not correlated with returns of the traditional asset classes".

The clearest evidence of this view being reliable is the performance of ILS investments during the financial crisis. While financial markets in general were hit by the crisis, ILS instruments continued to perform well.

The noble Lord asked about the tax regulations. The Risk Transformation (Tax) Regulations, which set out the tax treatment for these vehicles, are made under the Finance Act 2016 and will be considered in another place. I will write to the noble Lord on the question he raised about the timing and why they are not being introduced simultaneously.

The noble Lord asked about the number of cells that a protected cell company will be able to use. This is not limited by legislation but will be a matter of interest to the PRA, the regulatory body. The PRA will judge what scale of business, including the number of deals, is prudent if individual transformer vehicle applications go down this route. Protected cell companies are designed so that the number of deals should have no impact on the stability of the market as a whole because each cell, as I said, is self-financed.

The noble Lord may have raised other issues and I apologise if I have not addressed them. He asked if we would keep the regulations under review: I think he put that in a slightly more direct way. The Government will, of course, keep these regulations under review to ensure that they are working for both the consumer and the industry.

In conclusion, I am grateful to the noble Earl and the noble Lord for their contributions. I will write to pick up the points that I have not dealt with. I commend these regulations to the House.

Motion agreed.

Banking Act 2009 (Service Providers to Payment Systems) Order 2017

Motion to Approve

1.45 pm

Moved by ***Lord Young of Cookham***

That the draft Order laid before the House on 19 July be approved.

Lord Young of Cookham (Con): My Lords, these statutory instruments improve the valuable legislation that has been put in place to bolster the financial stability of the UK. They are both about methods of payment, from the traditional banknotes that are familiar to us to the newer payment systems.

The Service Providers to Payment Systems order will enable the Bank of England to supervise service providers to payment systems for financial stability purposes. The UK's payments infrastructure is the plumbing of our financial system. Every year, our payment systems process around 21 billion transactions, worth over £75 trillion, between businesses and consumers. They underpin almost all commercial activity in the UK and are vital to the day-to-day lives of every member of the public. It is therefore extremely important that they are secure, stable and reliable.

In 2009, through the Banking Act, the Government gave the Bank of England formal powers of oversight of certain interbank payment systems, with the aim of promoting the robustness and resilience of key UK payment systems. The Act also gave the Treasury powers to specify which interbank systems are to be supervised by the Bank. The Bank's supervisory powers enable it to directly request information from the operators of the relevant payment systems, and to issue directions or impose regulatory requirements on them where necessary and appropriate. Amendments made via the Digital Economy Act in spring this year extended these powers to enable the Government to specify types of payment systems that are not interbank. These steps have gone a long way towards ensuring the security, stability and reliability of payment systems for the UK. This draft legislation is a further step towards achieving this aim. The proposed SI will enable the

Bank of England to supervise service providers to the supervised payment systems. Service providers can include companies that provide infrastructure and technology to the payment systems, the firms that provide the hardware and software to payment systems that enable the transfer of these 21 billion transactions every year. In some cases, these services are critical to the smooth running of the payment systems. Enabling the Bank to have oversight of these service providers will support its supervision of systemically important payment systems.

This legislation will not automatically bring any service providers into the Bank's oversight. As with payment systems, the Treasury will specify which service providers to recognised payment systems are to be brought into supervision with an order. HM Treasury will weigh up a number of issues when considering a service provider for supervision. The Treasury is required to consult the Bank of England, the PRA, the FCA and the PSR, notify the service provider and the payment systems to which it provides services and consider any representations made before specifying that service provider for Bank supervision. The Government believe that oversight should be proportionate to the level of risk presented by a firm, and the proposed legislation will give government the tools it needs to address any risk and to further shore up the robustness and resilience of the UK's payments infrastructure.

The second SI moves the authority to issue banknotes in Scotland from one legal entity within the Royal Bank of Scotland group to another. This change is necessary due to the structural changes RBS is making to implement ring-fencing. The UK is unique in that certain banks in Scotland and Northern Ireland are authorised under the Banking Act 2009 to issue their own commercial banknotes alongside the Bank of England. Currently, four Scottish banks and three Northern Irish banks have this authority. These seven banks are proud of their authority to issue banknotes, and the Government are keen to support them.

Due to the ring-fencing legislation put in place after the financial crisis, from 1 January 2019 our ring-fencing regime will require structural separation of core retail banking from investment banking for UK banks with retail deposits of more than £25 billion. As a result of this, RBS is separating its retail bank from the rest of its banking group. The legal entity that currently has the responsibility for issuing banknotes will sit outside the retail part of the bank after separation. RBS believes that banknote issuance best sits within the retail bank, the Bank of England agrees—and so, less importantly, do I.

This change moves the authority to issue banknotes in Scotland from the non-retail legal entity to the legal entity that will shortly become the RBS retail bank. Authority to issue banknotes is inherent to a specific legal entity and cannot be moved from one legal entity to another without making these changes. These changes will not impact RBS's ability to issue banknotes or the value of the banknotes already issued. It is purely a technical change required to implement ring-fencing legislation. The Bank of England and the Financial Conduct Authority both approve of this action. I beg to move.

Lord Tunnicliffe (Lab): My Lords, I thank the Minister for introducing the orders and regulations this afternoon. Both instruments amend the Banking Act 2009. The first, the Banking Act 2009 (Service Providers to Payment Systems) Order 2017, extends the Bank of England's formal powers of oversight to service providers to recognised payment systems. The 2009 Act enabled the Bank to supervise interbank payment systems. However, Part 5 was extended to all payment systems by the Digital Economy Act 2017. The second instrument, the Scottish Banknote (Designation of Authorised Bank) Regulations 2017, will ensure that once the Royal Bank of Scotland has separated its core retail banking from its investment banking, the "new" ring-fenced RBS can continue to issue Scottish banknotes. We support both measures but I have a number of questions for the Minister.

First, on the extension of Bank of England supervision to all service providers, the Explanatory Memorandum states that in this context a service provider,

"may be an organisation that designs, builds or operates a payment system's infrastructure".

It goes on to say that,

"only service providers that are considered systematically important",

to the UK,

"would be considered for supervision".

In these circumstances it seems entirely appropriate that the Bank of England has oversight and regulatory powers as it relates to financial stability. But who in the Bank of England will have specific responsibility for this? Many of our discussions during the passage of the Bank of England and Financial Services Act 2016 came back to this exact point: what constituted "the Bank" and where did power, responsibility and, ultimately, accountability lie? I will be interested to hear what the Minister has to say on this point.

As the Minister stated in his opening remarks, this is just an enabling piece of secondary legislation. As the Explanatory Memorandum outlines:

"This instrument does not automatically bring any service providers into scope of supervision by the Bank".

The Treasury needs to specify the service provider by including it in the "recognition order". How many service providers does the Treasury intend to recommend to the Bank of England for supervision, and will these recommendations be subject to parliamentary scrutiny?

The order is surprisingly vague about what the process of being included in the recognition order would entail. What criteria are used to determine whether the Treasury recommends that the Bank of England supervises a service provider? What does this oversight entail in practical terms? Given that it will be for the Treasury to initiate the proceedings, I would have expected it to produce guidance regarding this instrument. However, the Explanatory Note suggests that it will be for the Bank itself to provide information to service providers.

When the Bank of England supervises banks, it has considerable powers of insight into those banks and has rights to alter structures and to constrain their behaviours. Will the Bank have the same powers when it comes to these service providers? I recognise that the Government say that they have consulted with industry. However, this was not a formal process, therefore I

[Lord Tunnicliffe]
would be grateful for some more details. The Explanatory Memorandum states that the industry was "broadly supportive" of the measures that were bought forward. What elements were there disagreements about, and were amendments made to the draft regulations accordingly?

Finally, on this order, what has spurred the Government to act now? Was it the industry, the Bank of England or the Treasury that requested an extension in scope of the regulations? Closing a gap in supervision is an important step, which we support. However, I remain unclear as to why this change was deemed necessary, how many service providers will be affected and what the supervisory and regulatory framework will look like in practice. I look forward to the Minister's response.

On the second instrument, which relates to the issuance of Scottish banknotes, page 2 of the regulations states that,

"the Treasury must determine the designation date for the purposes of these Regulations".

Can the Noble Lord give the House an idea of when this date could be? How much notice do the Government believe is required before the ring-fencing deadline of 1 January 2019?

Lord Young of Cookham: My Lords, I am grateful to the noble Lord, Lord Tunnicliffe, for his broad support for the regulations in front of us, his courteous response and for the questions he has asked, most of which I hope to be able to address; if I am not, I will write to him.

The noble Lord started by asking who in the Bank of England had the responsibilities set out in the regulations. The answer is that the Bank's Financial Market Infrastructure Directorate is responsible for carrying out the supervision of FMIs, which includes the systemic payment systems that we are dealing with in these regulations. That directorate reports to the Bank's FMI board, which is an executive committee constituted by the governor and chaired by the Bank's deputy governor for financial stability. It exercises the Bank's powers and, in turn, escalates issues to the Bank's governors when appropriate. The Bank publishes an annual report on supervision of market infrastructure, which is laid before Parliament, and of course the governor and other officials of the Bank of England are regularly summoned to give evidence before the Treasury Select Committee.

The noble Lord asked how many service providers might be recommended to the Bank of England for supervision and whether these recommendations would be subjected to parliamentary scrutiny. To specify a service provider, the Treasury has to go through the process which I outlined of consulting the PRA and the FCA, and notifying the service provider and the payments system to which it provides services, after which it considers any representations made. The Treasury then specifies a service provider for recognition by an order, which is published on its website. The order is not subject to further parliamentary scrutiny or published as legislation because the process and criteria for making the orders specifying the service providers are already set out in the Act.

The noble Lord asked what sort of issues might trigger the Treasury into notifying a service provider. The answer is that it will look at: the size and systemic importance of the payment system to which the service provider provides the service; how critical that service is to the payments system; the substitutability of both the service provider and the payment system; and the changing payments market. It will consider the representations made by the Bank and others before finally making the appropriate designation.

Under the Act, the Bank has a power to publish the principles and code of practice to be followed. It can require rule changes, give directions to require or prohibit particular actions, set standards to be met and impose penalties for failures to comply. The Bank will publish its approach to the supervision of critical service providers shortly, to ensure that the approach is as transparent as possible.

Lord Tunnicliffe: I am not looking for an answer now but can the Minister check whether the powers will be similar to those that the Bank has with other banks, to intervene and require changes in their management and boards? Will those powers be paralleled under this order? I do not expect an answer now but would be grateful if he would write to me.

Lord Young of Cookham: I am grateful for the noble Lord's recognition that that information may not immediately be at my fingertips. It would be much safer to get an authoritative reply, rather than an off-the-cuff one. He asked what had spurred the Government to action now. Basically, the Treasury has identified the increasing importance of electronic payment systems and therefore of service providers to payment systems. We have done this as part of making sure that our payment system has robustness and can cope with risks and changes.

We did consult industry but it was not a formal process. As the noble Lord said, the industry was broadly supportive of the measures brought forward. In late 2016, the Treasury notified supervised payment systems and major service providers of its intention to lay this order and concluded that these stakeholders were broadly supportive, as no objections were raised.

I am conscious that I have not answered the noble Lord's specific question about timing, relating to the second of these SIs. If he would agree, I would like to write to him when I have an authoritative answer to that question. In the meantime, I ask that the Motion be agreed.

Motion agreed.

Scottish Banknote (Designation of Authorised Bank) Regulations 2017

Motion to Approve

2.02 pm

Moved by ***Lord Young of Cookham***

That the draft Regulations laid before the House on 12 September be approved.

Motion agreed.

Brexit: Sectoral Impact Assessments

Statement

2.03 pm

The Minister of State, Department for Exiting the European Union (Lord Callanan) (Con): My Lords, I shall now repeat in the form of a Statement the Answer given to an Urgent Question in another place:

"We have this morning laid a Written Ministerial Statement on this issue, which sets out the timeline and nature of our response to last week's Motion. As the Government have made clear, it is not the case that there are 58 sectoral impact assessments. During the Opposition day debate the Parliamentary Under-Secretary of State, Robin Walker, told the House that there had been,

"some misunderstanding about what the sectoral analysis is. It is not a series",—[*Official Report*, Commons, 2/11/17; col. 952.]

of 58 impact assessments. The Secretary of State for Exiting the EU made the same point during his appearance before the Lords EU Committee on 31 October, and to the House at DExEU Oral Questions on 2 November.

Let me clarify exactly what the sectoral analysis is. It is a wide mix of qualitative and quantitative analysis, contained in a range of documents developed at different times since the referendum. This means looking at 58 sectors to help inform our negotiation positions. The analysis examines the nature of activity in the sectors and how trade is conducted with the EU currently and, in many cases, considers the alternatives after we leave, as well as looking at existing precedents. Our analysis is constantly evolving and being updated. But it is not, nor has it ever been, a series of impact assessments examining the quantitative impact of Brexit on these sectors. Given this, it will take the Government some time to collate and bring together this information in a way that is accessible and informative to the committee. We will provide this information to the committee as soon as possible. I have made it plain to the House authorities that we currently expect this to be no more than three weeks".

2.05 pm

Baroness Hayter of Kentish Town (Lab): I thank the Minister for repeating the reply, although I regret its content. Not only could we not get the Written Statement except by getting it off Twitter—it does not seem to be on the website—there is also the creation of a new excuse for the non-immediate release, which of course runs counter to the Commons Motion.

I would make one point in answer to aspersions made in the other House, although I do not think the Minister was in any way party to this. The question was asked of my side, "Whose side are you on?", implying that asking for information was somehow unpatriotic. I say to this House that it is because we are patriots that we need the information, to get as good a deal as possible from Brexit.

Has the Minister yet arranged to meet the noble Lord, Lord Jay, the chair of our EU Committee, as he indicated he would in his Answer to me on 2 November? Given the importance of parity of treatment between the two Houses, which is particularly relevant as we handle this most complicated of legislative, political and diplomatic tasks, can the Minister confirm that our EU Committee will receive the same information, on the same terms and at the same time, as the Commons Brexit Committee?

Lord Callanan: My Lords, I thank the noble Baroness for her questions and I can only apologise if the Written Ministerial Statement is not available to her. In response to her two questions, I can confirm that my office is in contact with the noble Lord, Lord Jay, and we are attempting to arrange a meeting as soon as possible in the near future. I also confirm to the House that we anticipate sharing the same information on the same basis with the Lords EU Committee as with the House of Commons Select Committee, subject to our being able to agree the terms of that disclosure.

Lord Cormack (Con): My Lords, I am sure that we will all be reassured to some degree by what my noble friend has just said. But would he acknowledge that at this time, the most difficult in our country's history since the last war, it is essential that both Houses of Parliament be continually and properly informed? There is far too much talk at the moment of negotiating in the dark and not being kept informed. We have to have open government here and, as I said, this House and the other place must be constantly, properly and fully informed.

Lord Callanan: My Lords, I am not sure whether I share my noble friend's analysis that it is the most difficult time since the Second World War. It is a difficult and challenging political environment but I can happily confirm that we are committed to being as open and transparent as possible. I think we are being so, given the number of appearances that the Secretary of State and other Ministers have made before both Houses and in front of various Select Committees. We will share as much information and be as transparent as possible, subject, obviously, to preserving our negotiating position. These crucial negotiations are going on. We want to make sure that our position is as informed as possible but we will share as much information as is possible, subject to that caveat.

Baroness Andrews (Lab): My Lords, while it is reassuring that this information has finally been wrung out of the Government, if there was confusion it was on the part of the Government over their terminology. Can the Minister give the House an assurance that when analyses of impacts are indeed available—he seems to be suggesting that what we have here instead is 18 months of information-gathering—they will be presented to the House, without reluctance?

Lord Callanan: I thank the noble Baroness for her question. It is difficult to do an impact assessment until we know what the final terms of the deal are. The impact could vary across different sectors and parts of the economy but I can only repeat: we will be as open and transparent as possible, subject to preserving our negotiating position.

The Earl of Kinnoull (CB): My Lords, it has certainly been a very busy week at the other end, because, of course, there has been an exchange of letters between the chairman of the Exiting the European Union

[The Earl of Kinnoull]
Committee and the Secretary of State; they have spoken, and they have even set a meeting. All that we have managed to do is to send a letter, at our end—and I was glad to hear the Minister say a moment ago that we would be put in the same position. I stress that parity of timing, as the noble Baroness also said, is completely critical, because we have a big staff and a big committee looking at these things. It is very unfair if the timing is not right, and I ask him to confirm that he will do his personal utmost to make sure that changes are made so there is parity of timing.

Lord Callanan: I thank the noble Earl for his point, which is well made. With regard to what I said earlier, sharing on the same basis also implies sharing at the same time.

Growing up with the Internet (Communications Committee Report)

Motion to Take Note

2.10 pm

Moved by ***Lord Best***

That this House takes note of the Report from the Communications Committee *Growing up with the internet* (2nd Report, Session 2016–17, HL Paper 130).

Lord Best (CB): My Lords, as the chairman of your Lordships' Communications Committee when this report was published, it is a great pleasure to introduce today's debate. I take the opportunity to congratulate the noble Lord, Lord Gilbert of Panteg, who has now been appointed as the committee's new chairman. The committee published *Growing Up With the Internet* in March and the Government responded in October, making this debate very timely—all the more so as the Government are now consulting on their *Internet Safety Strategy* Green Paper, with a deadline for responses next month, and timely, too, because the related Data Protection Bill is currently in your Lordships' House.

I am exceedingly grateful to my fellow committee members for their support and contributions to this unanimous and, I am glad to say, well-received report. My thanks, too, go to all noble Lords participating this afternoon. I particularly look forward to hearing the maiden speech of the noble and learned Lord, Lord Thomas of Cwmgiedd. I give special thanks to our clerk, Theo Pembroke, and our committee assistant, Rita Logan, as well as to our policy analyst, Helena Peacock, who, sadly for this House, is leaving parliamentary service to take up a senior position at the BBC. I wish her every success. I give sincere thanks, too, to our specialist advisers, Professors Marina Jirotka and Sonia Livingstone, and I commend Professor Livingstone's LSE blogs on all these issues.

Our report sets out how the internet today pervades the lives of children. By the age of 13, three-quarters of children already have a social media profile. The internet provides endless opportunities for connecting and sharing with friends, alongside access to the search engines and apps that bring endless entertainment, wonderfully presented education and, indeed, developmental support. For example, half of girls aged 16 to 21 turn to the internet for information on sex and relationships. But for all its positive attributes, the phenomenon that is the internet can also bring hazards, harassment and harm.

Rereading our report, I listed some 10 areas of risk and danger that confront a child who goes online. You can face horrible cyberbullying, the subject of an important Royal Foundation Taskforce led by the Duke of Cambridge. Bullying and name-calling online does not stop when you go home from school, or even when you go to bed. You can be exposed to confusing and frightening images of pornography and violence, which can stay in the mind for years. These may pop up on social media, or they may be pressed on you by others—or you may access them deliberately, but regret doing so. One-fifth of 12 to 15 year-olds say that they have encountered something online that they have found "worrying or nasty".

You can be pressurised on social media by your peers, developing worries about your body image and about how many people like you, and you can become obsessed with selfies. You can face privacy issues, not least linked to sexting, when highly personal images can appear on social media. Every aspect of your life, every move you make, is likely, unbeknown to you, to be recorded and held by the social media company for its own purposes.

You can be misled by fake news and by vloggers selling products surreptitiously, by unsolicited advertising appearing on your Facebook pages, like it or not. You can be captivated by websites that distort, not support, websites featuring self-harm, suicide and anorexia. You can find your critical faculties blunted and your attention span diminished. You can be ensnared by addictive online games, captured by sophisticated but sinister algorithms that hold the player online. It is not so uncommon for a child to stay up all night playing games and be unable to go to school in the morning. You are also at risk from predators online using false identities to groom and exploit children.

It is clear that those with serious concerns about the internet are fully justified, even while we all agree that it provides incredible opportunities to explore, experiment, learn, be creative and get important support from websites and friends. Our report contains 38 recommendations and conclusions, to which the Government have responded helpfully, alongside their publication of the excellent draft *Internet Safety Strategy*, which I know that the committee greatly welcomes. Let me summarise the committee's views and the Government's response.

First, we recognise that parents and carers are in the front line, and they need the tools to guide their children through this minefield. It is no good parents saying that their children know more than they do; that taking away the mobile phone from a compulsive user causes too much trouble; or that their children can find ways around any filters controlling online content. No—for better or worse, good parenting today requires an understanding of what can be done to help one's child to build resilience and avoid pitfalls. Agreeing and setting ground rules and maintaining lines of communication between parent and child about their internet use is a serious matter.

Fortunately, there is help at hand, not least online. We heard from Vicki Shotbolt about Parent Zone's guidance; from the NSPCC with its Net Aware website and guide for parents; from Barnardo's, and from others doing wonderful work. So advice and support is available to assist parents. The Government, in their internet safety strategy, pledge to work with civil organisations and the UK Council for Child Internet Safety, or UKCCIS, which will be remodelled to align with the new strategy.

Secondly, the committee underlined the central role played by schools. We saw an urgent need to enhance the digital literacy of children to equip them to navigate safely through the online world. We called digital literacy the "fourth pillar" of a child's education, alongside reading, writing and arithmetic. This is quite different from the important education in computer literacy required in the modern world, and we emphasised the need for teacher training to cover the skills which teaching digital literacy demands. We advocated making this a core ingredient in personal, social and health education, or PSHE, which, we said, should be a statutory subject, inspected by Ofsted, and should cover compulsive use, privacy of data, obsession with body image and the rest, not just the e-safety agenda of risks.

The Government's draft strategy fully accepts this crucial role for education and notes the new compulsory relationships education at the primary school level and the relationships and sex education at the secondary school level, as well as through PSHE, if that is made compulsory, too.

Thirdly, after parents and schools, there is the role of industry—online platforms such as Google, Twitter and YouTube, internet service providers and mobile network operators, such as Virgin, BT and Sky, as well as those that make the tablets and smartphones such as Apple and Microsoft. These are huge and immensely powerful organisations with responsibilities that should match their pervasive power.

We had little time for the excuses that we heard from those who produce and deliver the internet's content: that the internet is too big to police with its operations all over the world, although most of its traffic passes through the hands of a very small number of huge tech companies, which can indeed be held to account, and regulation has to start in one country before it can spread to others; that it amounts to censorship if people are constrained in what they can access on their screens, although few believe that children should be treated in the same way as adults, any more than they should be treated in the same way if they want to buy cigarettes or drive a car; that technology is insufficiently advanced to filter contents and protect the innocent, although personalised technology already exists and, among others, the noble Baroness, Lady Shields, a leading expert in this field, encouraged the committee to recognise that technology can do almost everything we can imagine, and more.

The committee was glad to see coming through the pipeline measures that should improve the behaviour of tech companies, such as the Digital Economy Act 2017, which, after April 2018, should see that harmful pornographic content is blocked, and the EU's general data protection regulation, which, from next May, should introduce such measures as the "right to be forgotten". But now the Government are proposing in their internet safety strategy a much fuller code of practice, greater transparency in companies' reporting and a social media levy. This is going absolutely in the direction advocated by the Communications Committee. We would include in the code of practice the obligation to make terms and conditions understandable to children, rather than expecting them to have to read extensive small print before ticking an "I accept" box. Our committee also wanted to see proper dispute resolution, such as an ombudsman service, when the customer or user of an internet service is dissatisfied—for example, when the internet service provider fails to take down personal data when requested to do so.

That leaves our recommendations aimed directly at the Government. We recognise that government, as well as supporting parents and schools, has the key role in influencing industry's behaviour. We found that government responsibility here was fragmented, divided between the Department of Health, the Department for Education and the DCMS. We wanted leadership from the Prime Minister and the appointment of a children's digital champion within the Cabinet Office to take a holistic overview of all aspects of this issue. Karen Bradley, the DCMS Secretary of State, told us last month that the Prime Minister is indeed giving these issues her personal attention, and there is recognition that a more co-ordinated approach across government departments must be part of the new strategy. The Minister for Digital will perform this role.

The Prime Minister's interest is more than welcome and I hope that she will convene the industry summit that we recommended. Having a Minister for Digital is helpful but it is not quite the same as having a children's digital champion as a permanent appointment at the centre of government, helping to establish and oversee those minimum standards of design and practice, working with the different government departments, commissioning research and ensuring that policies are progressed.

As things stand, government's approach is positive but depends on this mighty industry putting its own house in order, implementing minimum standards of child-friendly design and making the filtering of content as easy as possible—for example, with the default for filters to be "on" so that parents are not required to turn them on themselves, which is how Sky operates, with far better results than its competitors in this regard—with proper protection of privacy and speedy action in taking down unwanted personal content, and so on. We added that the best interests of the child should be built into the design process, making compulsive behaviour more difficult rather than actively promoting it. And there is more.

I finish by congratulating the Government on the steps they are now taking and on the increased priority they are giving to keeping children safe online. However, without going as far as Simon Jenkins, who in the *Guardian* described the Government's stance as "beyond pathetic", I sense a pervasive uneasiness that the internet providers and the huge tech companies—the Googles, Facebooks and the rest—may never do as much as

[LORD BEST]
they should without more strenuous government intervention, perhaps along the lines so plausibly argued by the noble Baronesses, Lady Kidron, Lady Harding of Winscombe and Lady Lane-Fox, and others in the debate on the Data Protection Bill in this House only yesterday. I hope that the Minister will be able to tell us that, if encouragement of voluntary action, with the industry adopting and following a rigorous code of practice, does not produce results, the Government are ready to act to make sure that our children really are safe as they grow up with the internet. I beg to move.

2.25 pm

Lord Gilbert of Panteg (Con): My Lords, it is a pleasure to follow on from the noble Lord, Lord Best, and I am most grateful to him for his kind welcome to the new chair of the committee. I very much look forward to working with fellow committee members.

When I joined the Communications Committee, this inquiry was already under way under the chairmanship of the noble Lord. He was an outstanding chairman, and in this inquiry he led us through complex issues across a huge subject area. I know that the whole House will be very grateful to him for his service as chairman of the committee. It typified his dedication to public service and to this House.

Our chairman kept us and our witnesses focused and, as a result, we were able to produce a report that has added to the debate on this issue while clearly influencing public policy, with many of its recommendations reflected in the Government's internet safety strategy and in wider government thinking.

While referring to the way that the report has influenced government thinking on internet safety, I emphasise that it was much wider in its scope and the committee was right to take a broad view of children's well-being in the digital age. It is about equipping young people with skills so that they can successfully navigate their way through life as they grow up. To do that, we must hear young people and treat them with respect, recognising that we need to do a lot more than protect them from harm if they are to flourish in the digital world.

As we took evidence, we saw the challenges that schools and parents in particular face. We also saw vast amounts of good work and best practice, with impressive programmes in schools supported by a number of charities and by some in the industry. We saw some of this work for ourselves when we visited the Richard Atkins Primary School in south London. We met bright and engaged children and caring and passionate teachers, and we witnessed a session of Internet Legends, a programme from Google, which partnered with the Parent Zone charity. This high-quality and very engaging event taught skills that primarily empowered children to stay safe and to be confident online.

However, that programme is one of many—not sufficiently extensive—all of which have similar content but are delivered inconsistently, so children are not getting these key messages time and again in consistent form. School-based campaigns can go only so far. Indeed, a critical part of the Internet Legends programme was the provision of materials that children were encouraged to take home to share with parents and carers and with friends and siblings. However, this of course depends on parents having the knowledge, confidence and will to engage.

So the Government and industry need to work together to promote public information campaigns and provide tools for parents and carers. Best practice needs to be agreed, and the brilliant creativity in this sector needs to be deployed to take these complex issues and create engaging, simple messages that are communicated consistently through public campaigns by schools and youth organisations.

We highlighted the difference between technical knowledge and digital literacy and emphasised the importance of critical understanding—the skills that will enable children to understand and question the digital environment that they inhabit and to thrive and grow in this world. It is these skills that will enable children to think about how their personal information might be used by social media platforms, to recognise advertising when they see it, to question information provided to them as news, and to understand when and why they are being targeted with content. With these skills children will understand that just because something is online, it is not necessarily true; they will use the internet to seek the truth for themselves. These skills will enable them to seek out the information they want and to understand it. They will learn to challenge others with respect and to preserve their own reputation online.

In their *Internet Safety Strategy* Green Paper, the Government highlighted this too. The Green Paper spoke of developing digital literacy and teaching digital citizenship. I welcome this, and am certain that the Secretary of State and Ministers want to work effectively with stakeholders. However, I would welcome some indication from my noble friend the Minister that the Government do not see this as ultimately the responsibility of the industry, which most certainly needs to step up, schools, parents or civil society, but that they—the Government—are responsible for ensuring that everyone is working together and effectively.

As the noble Lord, Lord Best, illustrated in his opening speech, this report was wide-ranging—I have focused on just one aspect. As we took evidence, and as I prepared these remarks, I reflected on the huge opportunities that the internet brings to young people, of the good it can do and the challenges it brings for parents. Very many parents, while not digital natives, are comfortable using the internet and have adopted it widely in their own lives. They have the confidence to raise children to flourish in the digital world. But some parents lack that confidence. The very term "digital native" applied to their children somehow makes it worse, implying that their children live in a different world that they will never understand. As we produced recommendations that call for support and tools to be provided to parents, I worry that this effort will lack focus; that these tools will be taken up with enthusiasm by the already well-informed and confident parents and those who are less confident and, frankly, in some cases neglecting their children, will not get the support they need. If this happens, the consequences

will be horrible. Our society will be more divided, as some children thrive and take up these opportunities and others are held back and put in danger. Rather than driving opportunity for all, it will drive social injustice.

I hope that my noble friend the Minister will recognise the important role of parenting, the role of government in championing and supporting good parenting, and the need for targeted and active engagement with parents and extra support for those children who most need it.

2.32 pm

Lord Gordon of Strathblane (Lab): My Lords, I join the noble Lord, Lord Best, in offering my congratulations to the noble Lord, Lord Gilbert, on his appointment as chairman of the Select Committee. Having just been appointed to it myself, I look forward to serving under him. I also look forward to the maiden speech of the noble and learned Lord, Lord Thomas, and will listen with interest to what he has to say.

Congratulations must go also to the noble Lord, Lord Best, on this comprehensive report, and to the Government. I only wish that I had been on the Communications Committee when the report was drawn up, because the members must have learned so much about this fascinating area. I think that we will be returning to this subject almost constantly. The internet and digital media are changing so fast that you cannot simply do a report and assume that it is now dealt with. I hope that the Communications Committee will respond favourably to the Secretary of State's invitation made at the conclusion of her letter, which reads:

"I hope the Committee will feel able to respond to the Internet Safety Strategy consultation".

Consultation is a good thing. I am all in favour of it and I endorse the feeling that we must try to get the industry to recognise the benefit to it of behaving properly and having good regulation. I am a great believer in the concept of enlightened self-interest and getting 95% from people voluntarily. When I was in business, I did not try to force the other 5%. When it is voluntary, people will give their heart and soul to the job, but when you enforce the further 5%, they will say, "Oh! Five o'clock already?", and off they go. Therefore, if we can get the agreement of the industry, so much the better, and it is right that the Government should pursue that. However, we must simultaneously prepare a plan B and examine what leverage we have to deal with an internet giant that decides not to comply.

I regret that, during the consultation period, the Government have not opted for the original default position on child pornography, which was that we would not allow prohibited material—in other words, bringing offline in line with online. The British Board of Film Classification said as much in its evidence to the committee. The Government deserve congratulations on dealing with this problem now. The tragedy is that a whole generation of young people has grown up with a warped view of sex and relationships, and we may pay a very heavy social consequence for that neglect. I am delighted that this is happening now, but I hope that the Government will not postpone revising the code and the method by which it will be implemented, and perhaps consider the British Board of Film Classification recommendation that they go back to prohibited material and do not allow something online that would be prohibited offline. After all, nowadays, things are delivered online, whether it is music or video.

I belong to a generation that regards the term "disruptive" as having slightly pejorative overtones—no teacher wanted a disruptive pupil in his or her class. But disruptive is now used with approbation in the digital world, and, in a way, I can see why. They are shaking things up, bringing us back to fundamentals and asking us to look anew at why we do things, how quickly we can do them and how directly. The problem is that if you are analogue in your formation—and I was for most of my life, seven-eighths of it—it is very difficult to think digitally. Here I take slight issue with my new chairman, because I think that children are in a different world. I have never been more conscious of the wisdom of the poet Kahlil Gibran and his remarks in "On Children" in the book "The Prophet":

"You may house their bodies but not their souls.
For their souls dwell in the house of tomorrow,
which you cannot visit, not even in your dreams".

I am afraid that there is an element of truth in that. I cannot think digitally but my grandchildren automatically think digitally, and there is a huge gulf.

Nobody wants to curb the curiosity of children or the great potential of the internet to satisfy that. However, where that satisfaction comes in a form that is not intermediated, it is asking a lot of a child to spot the difference between a blog from an idiot and well-researched news editorialised by the BBC: they look the same on the screen. Education is the answer, but it teaches skills and cannot impart wisdom to an eight year-old. Regrettably, that tends to come only later in life. Therefore, the role of parents will be especially important.

That too brings problems, because it is true that children are better at the internet than their parents almost by definition. In fact, you can imagine the comic scene of a parent asking their child to set the parental lock for them. Children adopt this technology almost automatically; it is intuitive. Therefore, we will have to do something to help, such as establishing a kitemark that endorses the terms and conditions so that parents do not have to read all the pages. I am almost scared to read through all the pages in case I lose the connection, so I tick "I agree"—and for all I know I could be mortgaging my house to Apple or whoever it might be. Nobody ever reads the full terms and conditions, but clearly somebody should.

The Government are clearly behind almost everything that the committee has come up with. I am more relaxed than the noble Lord, Lord Best, that they have gone for a Minister rather than a digital champion. Although "digital champion" is glitzy, I always worry when Governments resort to unorthodox things such as tsars for drugs and other issues, as though somehow the problem is solved by the terminology. It is not.

Frankly, a belief system will be important to give children a reference point against which to set what they are learning on the internet; otherwise, they are literally adrift in a new world. It is a very exciting new world. I am awe-inspired by the possibilities of

[LORD GORDON OF STRATHBLANE]
the internet, but terrified of its harmful consequences. The committee has done a good job in balancing both, and I hope the Government will follow through with great urgency. The answer to the idea of having a digital champion—as well as a digital Minister, which we already have—might be to strengthen the department and appoint a junior Minister who will act as the children's champion.

2.40 pm

Lord Addington (LD): My Lords, when you put your name down for certain debates and start doing your research, you realise that you might just be stepping out of your depth. If my head disappears below the water, I am that man today.

What happened to make me put my name down? It was the idea of growing up with the internet. I initially thought about how one accesses the internet. I am one of a minority in this country who is dependent on assistive technology to interact successfully with digital media. It helps with the written word generally. On a screen, I use voice-to-text technology to read things back clearly. I also use text-to-voice technology. It is a fact that, although there is more assurance in the educational sector, many sites on the internet do not allow this to be used. That means that many people who use this type of technology, such as dyslexics and people with visual impairment, find it incredibly difficult to get into a subject. With some people it is an absolute—someone who is totally blind—but with most people, if they do not have that assistance, they find it more difficult and it becomes slower to use the internet. Things then become more difficult and you cannot fully take on board what is happening. Sometimes, you find yourself absolutely stopped if you have to fill in a document that does not interact with the technology.

The Government should not get too smug about this. I have spent a great deal of the House's time trying to get it to make its online English test for apprenticeships compatible with this technology. That is a real reason why dyslexics have not been able to take the test to apply for apprenticeships. Everyone has made this mistake. Everyone has assumed that they are like us, so they have not made it compatible. I was wondering where in this great discussion we could include a way of achieving this level of interaction with fairly large parts of our society. They are minorities but still form a large part of society. A growing number of people would benefit from this. How will we integrate the technology and push it on?

Surely the Equality Act means that that should happen. But we all know about the Equality Act—just because something should happen does not mean that it will unless someone goes out and makes a fuss and says, "Why aren't you doing it?". Also, large corporations tend to back off and say, "Well, nobody's complained". That is a great one for dyslexics—none of the dyslexics has written a letter to complain. That is one of my favourite replies, and it was first given to me by a civil servant. I would like to hear from the Government how we can interact to make sure that this goes forward. How will they integrate this into the policy? I appreciate that the Government are in the eternal position in Westminster of playing catch-up. They should not worry because we should all take some of the blame. It is a fairly normal condition. We are seldom ahead of the curve, in my experience. But how we will make sure that this follows on is an interesting subject.

I return to the report and what has been said in the debate. The noble Lord, Lord Gilbert, got in very early with the suggestion that parents are the vital thing. Indeed, the noble Lord, Lord Gordon, said that as well. How can we enable parents to support their children? The school is not the primary educator. The primary educator is the parent or the one with parental control—the one who endorses everything, gives assurances on what you are doing and helps you get through. If we cannot expect this new technology to be as easy for those who are in my generation or older—and even those who are considerably younger, let us face it—we must have something else.

My go-to thing is to make an awareness package available to parents. What should we be looking out for? There are various schemes. The Minister could read out the names of lots of schemes and things that do quite well here and there. However, the minute you read out a list of activities, you have already failed, because it is so easy to miss the right scheme that might help you in certain circumstances. If you can bring together something that says, "This is the central point where you should be starting to worry", you stand a chance. That way you know what you should refer to and where you should go on from. Also, if we are not going to take every parent back into the classroom and hammer this into them, it will be a long and repetitive process of saying, "Here are some central guidelines and how we are going to follow them". Some of this work is going on but it is bitty and patchy. It does not touch people. As has already been said, a parent who is committed will get involved. They will cover this. They will be aware and will at least be talking to that child and saying, "This is what you should expect to happen and this is what should not happen". But this will take persistence, which will need endorsement from the entire political class to get it going.

It took a long time to bring smoking rates down to the current level, and there was always resistance to that within certain sectors and interested groups. I would like to know from the Government: first, what they are doing to bring together this central information point; and secondly, what engagement they have across the political parties and the political spectrum to make sure that it carries on. If it does not carry on, and I believe that there is the will across the political classes to make sure that this happens, we will have problems. Awareness for parents and those who have not been brought up in this environment is the best we can hope for, realistically, until Anno Domini takes over. What are the Government doing along these lines? Without such action, you will leave holes and patches, because schools simply cannot do it all themselves.

2.46 pm

Baroness Kidron (CB): It is a great pleasure to follow the noble Lord, Lord Addington, and I take on board his point about accessibility. Although children as a whole are a huge user group, in fact all users are individual. I congratulate my noble friend Lord Best and welcome the noble Lord, Lord Gilbert, to his

new role. Both made inspiring speeches. I will concentrate on the role of government and a little on the role of companies.

So often, when we talk about children in the digital environment, we concentrate on two extremes—the harms and risks on the one hand and on the other the absolute panic that the 21st century child's life is entirely dependent on mastering digital technologies so that they can participate in this new digital first world. I want to congratulate the committee—of which I was one, but we were many—on the report. It was resolute in carving a path between these two extremes, neither of which is insignificant but which together still fall far short of describing the whole of what we need to understand and act on when thinking about children in the digital environment. In order to provide for childhood, we need to adopt a clear, overarching set of principles to act as a blueprint for all policy interventions. We need a strong, independent voice to advocate on behalf of children. We are already at plan B, which is that it is time to put the codes and requirements of ICT companies on a statutory footing.

The Government's safety strategy has three stated principles right at the front: what is unacceptable offline should be unacceptable online; all users should be empowered to manage online risks and stay safe; and technology companies have a responsibility to their users. Those three principles completely align with the recommendations in the committee report, yet they seem at odds with the strategy itself and the government response to our report. This mismatch between stated policy and outcome is a persistent problem in this area, not helped by the Digital Economy Act and Data Protection Bill coming ahead of the safety strategy, and the safety strategy coming ahead of a digital charter about which we still know very little.

The committee's report was clear that the fragmented response to the challenge of creating a digital environment fit for children is part of the problem. We were very proud to get three Ministers to come to the same session, but disappointed to find that we were still missing a couple to complete the answers to all our questions. Similarly, we found that the responsibility for developing digital literacy is widely dispersed. It is a duty at Ofcom and at the ICO; it is an element of statutory sex and relationships education in the Children and Social Work Act 2017; it forms a code of conduct in the Digital Economy Act; it is delivered via the computer curriculum; and, very often—as the Secretary of State did when announcing the safety strategy—it is outsourced to commercial companies and third-sector organisations such as Facebook, Google, the Diana Award, Childnet International and many more that do good, but fragmented, work.

While I do not doubt the sentiments of government, ultimately we lack an overarching vision when it comes to children in the digital world. What is needed is a single strategy, not divided into risks, education and skills but holistically concerned with supporting childhood in the digital world. However, in looking for bodies that champion the rights and needs of children, we were again disappointed: UKCCIS was found to be insufficiently effective; the Children's Commissioner felt that she did not have the same powers to act in the digital environment as she did in the analogue; Ofcom formally resisted a widening of its remit further into the digital environment; and the ICO said that children's issues were embedded in lots of different pieces of guidance.

That resulted in recommendation 4: a digital champion. We made clear that that person should report at the highest level, be given the power to convene and be trusted with a cross-governmental policy. It seemed to us that without the clarity of a single recognised voice advocating for children, the fragmentation would continue and grow. As we have heard, the Secretary of State said in her response that children have an advocate, in the form of the Minister for Digital. However, he has a cacophony of duties, many of which involve lobbying and being lobbied by tech and ICT companies. I do not doubt for a second that he shares our concerns, but the inherent conflict of interest in his brief prevents him being an effective advocate for children.

We also called for UKCCIS to have a clearer set of goals and meaningful powers. I have already expressed my dismay to the Secretary of State—dismay shared by many charities and campaigners—that the internet safety strategy proposes broadening the council's remit from children to address the harms of all users. UKCCIS is the only place in the entire ecosystem of government that has children at the centre of its concerns. How, amid hate crime, trolling, radicalisation, scamming, misogyny, revenge porn, fake news and phishing, are children to be heard? Children are not adults. The challenges that children and young people face in the digital environment, and the rights and privileges they are entitled to, are specific and related to their age. At the risk of repeating myself, many people in the community are devastated, not only by the decision but by what they feel it means about the Government's view on the status of children in the digital environment. Perhaps it is useful to remind noble Lords that of the world's nearly 3 billion users, one-third are under 18. This is not a marginal issue.

UKCCIS should be exclusively focused on our children. It should be independent of government, with an independently appointed chair who has the necessary expertise and standing. It must be properly resourced with staff and funds and able to carry out research. It should be expected to make policy recommendations that Ministers should reject only with transparent reason. It should have statutory powers, including the power to require disclosure of information and to compel people to appear before it. It should have an obligation to publish an annual report on progress against predetermined, long-term objectives, impacts and challenges. There should be no commercial companies on the executive, but standing meetings should be in place to consult with tech, business and government on an agreed agenda. Children need advocates in this space.

As for plan B, behind many of our recommendations was the admission that a regulatory response is the only remaining plausible response to an industry that continues to willingly duck its responsibilities to children. Yesterday evening, in Committee on the Data Protection Bill, the Minister confirmed, in response to a question from the Opposition Front Bench, that the code proposed in the internet safety strategy is voluntary and that,

"there will be no statutory basis for the digital charter".—[*Official Report*, 6/11/17; col. 1595.]

[Baroness Kidron]

That is not good enough. Self-regulation has failed and, as the noble Baroness, Lady Harding of Winscombe, said, she is,

"convinced of the good that the digital world can do, but as with all technology, we need to mould it to meet our needs, not vice versa, and it is high time we set out the basic safety requirements our children need".—[*Official Report*, 6/11/17; col. 1583.]

The noble Baroness and I, with broad support from all sides of the House, put forward a series of amendments to the Data Protection Bill that would require a service seeking the consent of a child to meet minimum standards of age-appropriate design.

Noble Lords interested in the detail can find it in yesterday's *Hansard*, in column 1579, but what is important to us today is that the amendments go some way—in fact, quite a long way—to fulfilling recommendations 7, 8, 16 to 18 and 23 to 29 of the committee's report. If passed into law, they would provide meaningful support to young people to enjoy online the norms they currently enjoy offline. In the balance of power between tech and children, tech has held all the cards for too long. It is the Government's duty to act on behalf of children with more than warm words. I hope that the Government will find a way to adopt these amendments when they reappear on Report.

I will finish with the observation that when the committee started its work, there was considerable concern among committee members that they might fail to understand some of the digital parts of a digital childhood. However, it emerged that they all were experts, because whatever their background and interest, they had a profound understanding of childhood—and it was childhood, not digital, that was at stake. Childhood requires a graduated journey from dependence to autonomy; a need for education and emotional support; a desire to grow up a bit too fast, then retreat back to something a bit safer, only to venture out again moments later; the right to make mistakes and not be unduly punished for them; and so on. We were unanimous in our desire to see our values and children's childhood, and their expectations of childhood, retrofitted into the digital world.

However, there appears to be an assumption from government that children should adapt to and be resilient in the face of the commercial structures of online services; that tech companies can be trusted to voluntarily put the best interests of the child first; and that, as long as we recognise the harms, the kids are all right. That is a series of category errors. The digital world is a business like any other, and the price of doing business with children is adapting services to recognise the age of the child user. Self-regulation has been accompanied by a cavalier lack of transparency and, year on year, the consequences of online risk are more apparent in an increasingly complex environment. Without our help, the kids are not all right.

2.59 pm

The Lord Bishop of Chelmsford: My Lords, it is a great joy to follow the noble Baroness, Lady Kidron. I support the amendments she is pioneering through the House. They are extremely important. It is also a great honour, and a great education, to serve on the Select Committee on Communications. Like other members of it, I pay tribute to the noble Lord, Lord Best, for the admirable and skilful way he led us through this. I welcome the noble Lord, Lord Gilbert, as our new chair.

So much in this report is critical to the sort of world we want to live in, the well-being of our nation, our public life and particularly our children. In his opening speech the noble Lord, Lord Best, outlined disturbingly well the challenges and dangers. Although I welcome the initial responses we have heard from the Government, much more still needs to be done to join all this up and make sure the needs of the child are put at the centre. Among the many important recommendations we offer, I draw attention to just two, because they are important in themselves and illustrate the larger, central point of our report—that government must take up the challenge to ensure that all those who work in the digital world work together to support the needs of children in an integrated and overarching response.

Let me tell your Lordships a couple of stories. When my eldest son was about 11 or 12 years old he came home from school one day and told us that he was the only boy in his class who did not have a mobile phone. We said to him, "Don't be so stupid, of course you're not the only boy in your class who doesn't have a mobile phone". We then chatted with a few parents at the school gate over the next couple of days and discovered that actually he was the only boy in his class who did not have a mobile phone. So what did we do? We went out and bought him a mobile phone. It was the right thing to do. We did not want him to feel left out or disadvantaged in a changing world. But my eldest son is now 27 years old. This was a long time ago. That mobile phone we bought him could only really make calls or texts.

Now, there is the advent of smartphones and tablets. When I was a boy, if I wanted to find out stuff, I had to get on my bike and cycle to the library. Now, I carry the whole library and so much more besides in my pocket, like the rest of your Lordships, and refer to it from time to time if the debate loses interest. Just about every child in our country and across the world has access to all the advantages of this technology and all the terrible snares. If you do not have one you are seriously disadvantaged, which is another issue in itself.

Quite simply, the longer this inquiry went on, the clearer it became to me that it is simply no good for Facebook and others to shrug their shoulders and say that they are just a platform upon which others stand and that they cannot take responsibility for content and its consequences. If they wished—or if we made them—they could be a ticket inspector of that platform, offering proper control and management of content in all the various ways our report outlines, such as the right to be forgotten, age verification, the removal of upsetting content, time out and so on. The technology is there, but they will not use it unless pressed.

Let me tell your Lordships another story. When I was about 15 years old I had a Saturday job in a wood-yard. The men who worked there often left their sleazy and by today's standards I suppose fairly mild magazines lying around. When I was alone in the canteen,

and if I thought nobody could see me, I looked at those magazines. I am not particularly proud to tell your Lordships that and I publicly repent of it in the House of Lords—I am a bishop after all. Admitting this will not look very good on my Facebook page, but I was a normal 15 year-old boy and I expect most normal 15 year-old boys would have done the same thing. But now it should be of huge moral concern to our nation that those images and so much more and so much worse besides are available in the pocket of every 15 year-old boy. There is extremely disturbing evidence from organisations such as the National Council for Women telling us how the persistent and pervasive viewing of pornography can lead to acceptance of all sorts of violence and unhealthy notions about sex and relationships, and men having extremely warped and degrading attitudes to women, the likes of which—if I can say this in this Chamber, this week—affect all walks of life. I could go on.

The digital age brings astonishing freedom and opportunity. It gives access to each other and to information that previous ages could never have envisaged. But to inhabit this age well our report calls for sustained leadership from government at the very highest levels, an ambitious programme of digital literacy and, most important of all, a commitment to child-centred design, protecting them from danger and harm while enabling them not just to be safe but to thrive online.

Furthermore, I also learned during this inquiry about the potentially damaging impact not just of some of the content, but of the very fact of viewing the tablet itself, and how overuse, particularly with very small children, can affect cognitive development. Because the technology is so new it is hard to know, on all levels, what the longer-term impact might be, but this is an area where more research is urgently needed. It further illustrates that, although we are indeed growing up in the digital age, we lack maturity in the way we are governing, regulating and responding to this development. It is too fragmented.

The digital age can be an age of cultural, intellectual and even moral prosperity, but enlightened legislation based on sound and child-centred research is needed to lift it from the mire and misery it is also creating. This will require great determination from the Government, but perhaps the first step is to acknowledge that self-regulation does not work. Commercial interest always outflanks care of the child. This must change, and the Government must take a lead. It is often said of government that its first responsibility is to protect citizens. We should now ask our Government to protect our children.

3.09 pm

Lord Thomas of Cwmgiedd (CB) (Maiden Speech): My Lords, I am exceptionally grateful for this opportunity to speak so early in the debate and to express my congratulations to the noble Lord, Lord Best, and his committee on such an excellent report, all of whose conclusions I warmly endorse. I also by and large agree with many of the sentiments earlier expressed.

I wish to make five short points, but I hope that, before doing so, I may be permitted to express my gratitude for two things. First, before and after my introduction to this House, which is now some four years ago, I have had occasion to appear before committees and attend meetings with Members of the House. These have been extraordinarily important to the development of proper relations, and the proper working of our constitution, between the two separate branches of the state, the judiciary and the legislature in both its Houses. On each occasion, I have been treated with such courtesy. I have never before had the opportunity to express my appreciation. During the past month, I have felt very much like a new entrant or a novice, and I wish to express my deep appreciation not only to Members of the House but particularly to all the staff for their infinite patience in answering questions that could be asked only by former lawyer.

I turn to the five points that I wish briefly to make. First, from my experience sitting as a judge, there can be little doubt that without control and filtering of content available to children on the internet, great damage is caused. There can now be no question of that. Of course, parental engagement is crucial, but I do not think it possible to delineate the responsibilities of parents without at the same time delineating those of the internet service providers—the ISPs—the providers of content and the providers of intermediary platforms.

Secondly, my experience has also shown that one of the most important protections that can be given not only to children but to everyone is to have inappropriate content taken down as quickly as possible. It mitigates the damage caused. However, particularly because of jurisdictional difficulties, the experience of the courts has not always been a happy one in this respect. If the courts have difficulties, I cannot but imagine what difficulties private individuals have. Robust action is needed in this respect.

Against those two considerations—this is my third point—it is necessary to bear in mind, as the report so powerfully advocates, the importance of digital literacy to the modern age. The internet is crucial to doing that. One thing that gives me the greatest occasion to be proud of being British is, when travelling overseas, to see the extent of the appreciation of our innovation, which can only be encouraged from the youngest possible age. Earlier this year, we had a hackathon, trying to develop skills for the use of programmes to enable people to go to court, and the participation of the young was tremendous. That can only be encouraged by balancing the freedom to innovate and to think. That, therefore, has also to be brought into account.

Fourthly, the formulation of the respective rights and responsibilities is not an easy task, nor, as the previous speakers in this debate have shown, is it necessarily easy to decide on the appropriate formulation, be it a code of conduct or something more backed by statutory force. I do not think I trespass on convention by observing that, where there is a legal duty, it helps concentrate the mind.

But there is one final point I wish to make. We must remember that, although we live in this island, we live in a world where the problems debated in the report are common to virtually every state. In other areas to do with the use of digital technology and digital innovation, there is an emerging consensus among lawyers, legal academics and judges who are interested in this that we must seek worldwide solutions to identifying the issues,

[LORD THOMAS OF CWMGIEDD]
thinking of answers and trying to adopt common principles. I hope this is a task that can be pursued. We cannot ignore the jurisdictional difficulties. If there is a worldwide consensus on what needs to be done—certainly, there is consensus in the report on what needs to be done—I am sure that will in the end provide the strongest protection to our children but also encourage them to innovate, to think and to help the future prosperity of our nation.

3.15 pm

Baroness Murphy (CB): My Lords, it is my great privilege to follow my noble and learned friend Lord Thomas of Cwmgiedd. We are very honoured to hear him today because many will recall that, as a result of our legislation, when my noble friend became Lord Chief Justice he was not allowed to speak here, so his words today are all the more valuable as we finally hear him in person.

My noble and learned friend had the reputation for being an outward-looking, vigorous and energetic Lord Chief Justice, and he has taken an interest in the ambassadorial role, finding links with other judiciaries and establishing links that bring great benefit to our country and other countries, and which will be so valuable in the rather difficult times that we face. My noble and learned friend is not really going into retirement. Of course, he is coming here, but he has also taken on the Commission on Justice in Wales, a role which I think he began last month. We wish him well in that. We warmly welcome my noble and learned friend here today and, going by everyone's attention to his words of wisdom today, I think I can say that we look forward to hearing many more such words from him in the future.

Like others, I congratulate the noble Lord, Lord Best, and his committee on drawing together a detailed and important report on this exceedingly complex and difficult field. I do not envy the Minister having to pick her way through what is achievable, what is the Government's responsibility and what is in what you might call the laptop of the gods.

Like everyone else, I have become an addict of the internet—I can barely sit through a debate without seeing whether somebody has responded to my email; is that not a terrible admission?—although, rather like the noble Lord, Lord Addington, I am an internet novice when it comes to social media. I tried to put up a Facebook page and indeed have several through half-witted attempts. So I bought *Facebook for Dummies* and found that even that was too advanced, but I have now learned that there is *Facebook & Twitter for Seniors for Dummies*, so I am going to try that one next time and see whether I can do better.

The widening of human knowledge, which we all get from the internet, is infinite. Ten years ago, doing historical research, I had physically to go to universities all over the world for the materials I wanted; it can now be at my fingertips in seconds. At organisations such as the National Archives at Kew and the British Library, so much is now digitised, including works that go back hundreds of years. I cannot tell noble Lords with what speed I now manage to complete pieces of research. However, helping anyone, not least children, gain a critical understanding and get to grips going through this minefield of what is likely to be true and what is good to look at is extremely difficult.

I am interested in how we develop children's health knowledge and how they get to know when and how to use healthcare services. Knowledge about healthcare is peculiarly poor in this country. Partly, I think that this is a counterintuitive adverse reaction to the National Health Service—noble Lords may recall that I have worked in the National Health Service for most of my life—which has the adverse effect of imposing barriers to people using it to find information. Even if you look at the critical information that comes from NHS websites it is rather simplified and crude compared with some of the information that is available, for example, in the United States from good health organisations and the National Library of Medicine. It is unusually the case that we are not a well-informed community.

Of course, children and young people want to use the information to access material which they might not want to ask a doctor or school nurse about. In the US, where people have to make a decision about where they go and who they are going to pay to see, it is often in their best interests to find out. I understand that, for example, Global Kids Online, the London School of Economics research project examining children's use of the internet in 17 countries found that in South Africa, up to two in five teenagers look up health information online at least twice-weekly. It is easy to imagine that teenagers value that they can find this just-in-time information completely confidentially. The potential for educating children about their health is wonderful, but I thought I would look at the internet: what do you do when you come across a very simple problem that a child might want to look up? For example, what do you do when you have a wart on your hands? If you go to the first page of Google, what do you face? Well, an ad comes right up in front of you—it does not say that it is an ad—for "Natural solutions for warts". It is a very attractive site and it says, "Boost your immune system. Use pineapple. Use garlic. Try baking powder. Take vitamins. Aspirin. Lastly, tea tree oil". For me, that made pretty grim reading when there is ample evidence about what will really treat a wart effectively and stop you spreading the virus. Pineapple and garlic sound a lot more pleasant.

How do we ensure that kids can really assess this information? Getting that education and critical understanding is crucial, not only for health, of course, but in all the information they are seeing online. I pay tribute to the work in the UK of the NHS Digital Child Health Transformation Programme. Its recent report *Healthy Children* sets out the case for restructuring information so that people can access to better information that they share with their parents—when they do—about how to collaborate with professionals. All that is exceedingly important. I wholeheartedly agree with the Select Committee that digital literacy should be the fourth pillar of a child's education, not only because it will help them with the internet but because it will help their critical understanding of so many other problems they have to face. The sort of algorithms you use in critical appraisal are the same sort of algorithms you use for critical understanding of the rest of your world. On that basis, it is the fourth pillar of education.

I was concerned by the report many noble Lords will have seen in the *Economist* last week on the digital economy. Young people in the UK now spend on average four hours a day on social media. This is more than in most other countries in Europe, although less than in the United States. I think that only in Hong Kong do children spend longer looking at social media. The qualities of critical appraisal that we give them are crucial, but so many people have gone into the details of what needs to be done that I do want to expand on that except to say that it seems unlikely that some voluntary system of control over the big internet companies will allow us to do that well. We must give kids more skills but also allow the Government to make clear to the companies that they must join us.

We have to understand that it has taken us 400 years to get the print media to establish codes of practice and so on, so it is not really surprising that we have to do this in a terrible hurry and have not got it straight in the first 20 or 30 years. To sum up, the Government's responsibility is to ensure that teachers are adequately trained and resourced, but we know that by the time children go to school, it is a bit too late to start. Children start to develop critical faculties when they are two or three. Certainly, by the age of four they are halfway there. It is at that age that parents need to start ensuring that their kids have an understanding. The industry itself should be thinking about these issues. We have this miracle of the internet and, some would say, the miracle of social media; now we need to ensure that children born in this generation are more savvy than their rather credulous and perhaps gullible parents.

3.25 pm

Baroness Shields (Con): My Lords, I declare my interest as the Prime Minister's special representative on internet safety. While this is not exactly the role envisioned by the committee of a children's digital champion, noble Lords may be assured that child safety online is a personal life mission for me and I commit to doing my very best on behalf of children.

I commend the Communications Committee on the publication of its excellent report, *Growing Up with the Internet*, and for bringing forward its important and prescient findings for consideration and debate today in your Lordships' House. As has been pointed out, the Government's internet safety strategy is vital in addressing the danger young people face online. As the noble Lord, Lord Best, said in commenting on the report, government action must be further-reaching and sustainable in the long term. I would add only that government action must also be faster, as these matters are urgent for young people in the UK and all over the world. The pace of technological change is exponential and its effects unprecedented, transforming childhood beyond recognition. The harms that young people face online continue to evolve and multiply. As it stands today, we are playing catch-up. The responses of both government and industry are, as the report expresses, reactive. We operate under a crisis management construct. This means that we acknowledge wrongs and demand change when children have already been hurt, when the damage has already been done. This is not good enough. To remedy this, we must shift tactics to prevent harm, rather than simply continuing to respond to it.

I welcome the report's recommendation that we place digital literacy alongside reading, writing and arithmetic as the fourth pillar of our children's education in the national curriculum. If enacted, this measure would be an empowering and positive force in our children's educational toolkit. Just as the UK was the first G20 country to make coding in schools part of the national curriculum in 2014, we must continue to be at the forefront of ensuring that our children are equipped to compete in the future with appropriate digital skills. We must also ensure that they are equipped with strong mental health and well-being strategies appropriate for leading a healthy and happy digital life. Placing the onus on children and educators alone to address this gap in digital literacy is overwhelming to both. It is unfair for us to expect young people to be strong and resilient enough to fight major mental health battles brought about by the likes of cyberbullying, sextortion, revenge porn, fake news, hate speech and extreme pornography at a time in their lives when their brains are still in the formative stages.

Digital resilience is an important weapon in our battle against online harms and crimes; however, if we are to succeed in protecting our children, we must address these issue at source. The report acknowledges that,

"self-regulation by industry is failing",

and that companies continue to put commercial interests first. Rightly, it calls upon industry to implement,

"minimum standards of child-friendly design, privacy, data collection, and a report and response mechanisms for complaints",

and that the standards are,

"built early into the process of design so that the needs of children are considered preventatively rather than reactively".

Two years ago, the UK Council for Child Internet Safety—UKCCIS—working group supported by representatives from the major social media and interactive services providers created a guide that encourages business and developers to think about safety by design to make their platforms safer for under-18s. It advocated an approach to product development that I have long supported and first put forward to this House in my maiden speech in October 2014 in the debate to commemorate the 25th anniversary of the UN Convention on the Rights of the Child.

Unfortunately, the one-size-fits-all approach to internet products and services continues and is failing to protect the rights of children online. The major, ubiquitous online services, with the exception of YouTube Kids, are not age-appropriate. Two years on from that ground-breaking UKCCIS report, many crucial breaches of online safety protocol still persist.

The time for talking about safety by design and making public pronouncements about it as a philosophy has passed. Real progress means protecting all children online full stop, and it is vital that the protection of the privacy of young people becomes a major social and policy pillar of our Government and of Governments all over the world. This is a crucial metric by which progress should be measured.

The great reach of technology and social media companies does not observe national boundaries, and so it follows that it will take a multistakeholder approach that transcends boundaries to empower everyone to

[Baroness Shields]
act for better online safety. That is why the WePROTECT Global Alliance, founded and funded by the UK, is such a powerful movement. A unified global initiative to eradicate online child sexual abuse and exploitation worldwide, it consists of 75 member countries, tech companies, leading charities and civil society organisations. We need to leverage this model across all internet harms and crimes, especially those that adversely impact children.

Finally, today we find ourselves at a crucial moment in how we act on behalf of children and their data privacy. We live in an age of digital footprints, and children are no exception. Their medical history, school records, friendships, interests and moods can all be collected, analysed and even monetised. It is important to recognise these issues within the broader, ongoing work surrounding child online safety. Vitally, all consumers should be given the tools and capability to understand the implications and consequences of data processing. As the most vulnerable members of our society, the rights of children must be considered throughout the development of online products and services, and we must act to ensure that their rights and privacy are protected and respected. That is why it is of the utmost importance that the Government commit to enshrining the increased rights proposed by the upcoming EU general data protection regulation as a minimum standard in our own Data Protection Bill, which is currently being robustly debated in this House.

Those who have the true power to transform young people's digital experiences for the better are those leading the major tech products and social media platforms we all use every day. They have the access, expertise and financial resources to combat these problems that their products have unleashed. Although these consequences are unintended, the moral imperative is clear. We need a co-ordinated response to ensure digital resilience in young people, to evolve government policy in response to an ever-changing digital landscape and to ensure proactive, robust and effective industry action. We need a coalition of the willing to work together to protect children in the digital world and to ensure their rights are protected as they grow up as digital citizens.

Extraordinary times call for extraordinary measures, and in this case we need a new era of co-operation and shared responsibility that puts the needs of children first. We need to scale our response not incrementally but exponentially because change is the only constant and the future will deliver it only in orders of greater magnitude and complexity. As challenging as this wave of digital technological change has been, it is only the beginning.

3.34 pm

Baroness Benjamin (LD): My Lords, it is an honour to take part in this debate. I too congratulate the noble and learned Lord, Lord Thomas, on his maiden speech and welcome him to the House.

This debate covers several of the issues I have championed over the years. It is a privilege to be a member of the Communications Select Committee, to have worked with other noble Lords and our outstanding chair, the noble Lord, Lord Best, and to produce this important report at this crucial time in the continued growth of the internet. It is a joy to follow the noble Baroness, Lady Shields, as we are kindred spirits and I totally agree with her on many of the issues she brought here. It is also wonderful that the Government have robustly supported many of the recommendations and aims of the report. It is a good start, but there is more to be done. The report has a sobering message that affects everyone's future.

The internet opens an amazing digital world that can bring joy, knowledge, wonderment and excitement. It can take us on a journey of discovery way beyond the dreams of previous generations. This digital revolution is fast-moving, and we are beginning to encounter adults who have never known any other way of interacting with the world, but the internet is not without its dangers and parents, carers, teachers, public service providers, online creators, internet service providers, regulators and, most of all, government need to play their part to ensure that our children grow up with the internet healthy, safe and secure, with a sense of responsibility.

Many parents have allowed their children to use the internet without first teaching them its dangers and hazards, using the excuse that their kids know more than them, but would you allow your child to drive a car without taking supervised lessons? I think not. Parents and carers need to make it their business to find out about the digital world together with their children. This must be encouraged. Until now, teachers have not been fully trained to deliver digital knowledge in the classroom, so it has been left up to enthusiastic individuals to do the best they can. Therefore not all children learn the skills needed and are at a disadvantage when it comes to employment and IT skills that can help solve the social and diversity imbalances we have. We need to ensure that teachers and all those in front-line public services receive specific training modules.

In the past, internet service providers, social media companies and game developers have not always acted with morality when it comes to collecting children's personal data or involving them in the addictive online world and have instead focused on squeezing financial rewards from children by getting them hooked to spend endless hours online. These organisations have to start being accountable. How often have you seen a family in a restaurant with the kids glued to their handsets while the adults talk among themselves? This too has to change.

It breaks my heart when I think of how children have been exposed to inappropriate adult material at the click of a mouse and endure endless bullying, violence, body shaming and even radicalisation. The results have been detrimental to their well-being, causing anxiety and depression as well as social and sexual problems. No one in their right mind can argue that early exposure to pornography is not extremely harmful to children and affects their ability to form loving and stable sexual relationships as adults. Children need to have age-relevant PSHE in schools to armour-plate them to deal with emotions and social issues, good or bad. Only now, after numerous reports and warnings about the effects of pornography, especially on young boys and subsequently on young girls, are ISPs taking

notice, and age verification, filters and blocking will be implemented. That is something for which I and other noble Lords have long campaigned.

However, so much more needs to be done to achieve joined-up policies and tighten up any loopholes that could be harmful to our children's well-being. There is no doubt that the internet has transformed lives, but as we all know, it has a dark and dangerous side which hides evils. For all these reasons, the report has called for a children's digital champion to be at the centre of government to take a holistic approach across all government departments. So it is good to see we at least now have a Minister for Digital with a mission to do just that: to act, as I would call it, as a superhero with children's well-being at the forefront of his mind as he carries out his duties. I also welcome the Government's *Internet Safety Strategy* Green Paper, which focuses on the effects of the internet. I look forward to working with the Government to make further progress in this rapidly changing area and ensure that no stone is left unturned, as it will take more than self-regulation. If we get this right, the rest of the world will follow.

We still do not know the full and long-term effects of how growing up with the internet is rewiring our brains, affecting the way we think, our moral compasses and the human psyche, soul and intellect, and affecting the way we socialise, learn about history and of course consume news and accept what is the truth. The internet of everything, where all our devices are connected—our car, our central heating, our washing machine, our security system—is the new buzzword. The internet has transformed the way we shop, the way we bank and the way run our lives. Artificial intelligence will soon match human intelligence, and virtual reality will allow us to have experiences with unbelievable realism from the comfort of the living room which, in the real world, would be highly dangerous. Of course virtual reality pornography is already on the horizon, which makes me weep.

Developments such as 3D printing and DNA memory storage are still in their infancy, and the possibilities are endless and enthralling. But the accelerated rate at which new exciting possibilities are being introduced is hard to keep up with—it is mind boggling. Science fiction writer Arthur C Clarke once said that one day technology will be "indistinguishable from magic". I believe that is true—it is happening right now. Since prehistoric times, humanity has progressed through many ages—Stone, Bronze and Iron—but never before has there been such a dramatic global change, which surpasses even the Industrial Revolution. In 50 or 100 years' time, will we look back and wish we had done things differently and not allowed such a rapid and uncontrolled development without considering the long-term implications and consequences, and how our children are being affected both mentally and physically?

The report shows that since 2005 the time children spend online has more than doubled, with some spending on average 24 hours a week online. That is why children need time out when they are online, the same way as if they were playing a physical game, or a sleep mode to allow them to get a good night's sleep. Teachers will tell you that children come to school tired after having watched a film, television or online material for hours rather than sleeping. We need to teach children how to resist temptation, how not to allow the online world to control their existence, and how not to be seduced by social networking and readily share personal information without first learning about privacy and trust.

Pandora's box has been thrown open and the virtual fairies and digital demons have been released to play among us. But we must not be completely taken over with the exciting rush of endless possibilities of things we can do, because not all progress is good. But let us not be pessimistic, as it is up to us to find ways to calmly move forward and rein in the tsunami of progress, separating the good from the bad, the essential from the dangerous, and to put measures in place so that our children can grow up and learn to use the internet to make the world a better, kinder and safer place.

I have dedicated my life to the well-being of children, and as I keep repeating, childhood lasts a lifetime. I doubt whether I will be around to see what effects the internet will have on our children or, in fact, on humanity. But I hope and pray that it is good and that in centuries to come, humankind will not look back with regret at the massive irreversible impact it has had.

I am proud to be part of this milestone report and I urge everyone to read it. I look forward to working with the Government to ensure that we leave a beneficial, lasting legacy for future generations.

3.46 pm

The Lord Bishop of Gloucester: My Lords, like other noble Lords, I am very grateful to the Select Committee for this report, and I agree with so much that has been said already. So many young people today source their identities from social media and internet advertising, which has resulted in low self-esteem and poor mental health. Over the last 18 months or so, I have been spearheading a campaign called Liedentity, which is focused around body image and challenging the lie that our value comes from our physical appearance.

I have had the privilege of meeting young people in primary and secondary schools in Gloucestershire, and much of what I have heard from them resonates with the recommendations of this report. As the report highlights, children live in a world where being online is interwoven with every aspect of their everyday lives, and young people do not want discussion about the internet always to begin from an angle of prohibition. It is undoubtedly good that there is a clear commitment to keep children and young people safe online. We need child-centred design, a code of practice and adequate procedures, but all that must sit within a wider context of human flourishing and human relationship.

I was glad to read the recommendations on digital literacy, which is placed within relationships education at primary level and PSHE at secondary level. This is about much more than a safety agenda. During a session with some sixth-formers recently at Stroud High School, I was struck by some of the girls' reflections on the use of certain social media sites. They had absorbed the message that all life is made up of perfect sunsets, classically beautiful bodies and constant smiling. This had resulted in a feeling that their lives were

[The Lord Bishop of Gloucester]
inadequate, and it was only in face-to-face discussion with their peers that myths were dispelled and they were able to talk about the struggles of their lives as well as their joy in an honest and deeper way, in places of both agreement and disagreement.

I hope there will be a children's digital champion, and that that person will keep human relationship as the large canvas when working with others, not least the Department for Education. In the diocese of Gloucester we have been working with a branding and innovation agency spearheaded by Marksteen Adamson, which has developed a wonderful resource called Peel, as in "peel back". The programme involves young people listening to one another face to face before they then take photos of one another in a way that reflects something of what they have heard in the other person. An exhibition of Peel was held recently during London Fashion Week, and it was poignant to hear the young people reflect on their experience of participating, amid the culture of the selfie, in the self-awareness and awareness of the other person before taking the photograph. We are now working on a format that can be used by schools in a forum such as PSHE alongside digital literacy, and there is already a lot of interest.

I want to underline a key point that resonates with the report: ensuring that proposals and initiatives remain child-centred and young-person-centred. I have found again and again that young people want to be involved with identifying the solutions. They want to work with adults, not to be told by adults. So I am delighted to see that the government response contains a commitment to round-table discussions with children as part of the online-safety consultation. In one of my recent sessions a sixth-former spoke forcefully about informing her parents what they could and could not let her younger sister access on the internet. She knew what had been detrimental to her own mental health and was determined that her younger sister was not going to relive her experiences. Furthermore, as the report has highlighted, young people themselves are often the first to know when something is unhelpful, and they need to be able to have control over the removal of material that is detrimental to their well-being.

That brings me back to my gratitude for this report and my hope that it will play a significant role in enabling young people to flourish and nurture healthy relationships as they grow up in a world where the internet is a key part of the landscape.

3.51 pm

Baroness Howe of Idlicote (CB): My Lords, I congratulate the noble Lord, Lord Best, and his Communications Committee on its excellent report, *Growing Up with the Internet*, which I very much welcome. The subject area that it highlights is hugely important and one that I have sought to address through five online safety Bills and, this year, through my Digital Economy Act 2017 (Amendment) (Definition of Extreme Pornography) Bill.

Noble Lords will recall that since 2013 the big four ISPs have provided customers with an unavoidable choice about whether or not to have adult content filters or, in the case of Sky, default-on adult content filters. Having considered the experience of the big ISPs since 2013, the committee's report makes two key recommendations about adult content filters. First, paragraph 258 recommends that, rather than having a voluntary approach to adult content filters presented in different ways by some but not all ISPs, there should be a statutory obligation on ISPs to provide adult content filters, and this should be presented in the default-on format.

Secondly, paragraph 259 recommends that the process of filtering should be informed by common and transparent standards to empower parents to make use of adult content filters, so that they do not get nasty shocks as they move from one ISP to another. It also highlighted the need for mechanisms to deal with overblocking. Given that the Government previously stated that filtering presents what they called a "vital tool for parents", I contend that it is now imperative that the Government act on these recommendations.

This is all the more important now, given that they have rejected the general introduction of age verification checks for all online adult content, not just pornography, proposed in another place by the right honourable Member for Basingstoke last year. To this end, I am disappointed that in the Government's response to the committee, they have rejected both recommendations.

I very much welcome the opportunity provided by today's debate to examine their argument for doing so, which they presented in three paragraphs of their formal response, sent by the Secretary of State to the committee in July. I will now examine the response in a little detail. The first and third paragraphs engage with the committee's recommendation in paragraph 258. The first paragraph takes up some space defining how the current system works, and then says that it works well. It continues:

"ISPs are best placed to know what their customers want, and to deliver flexible parental control tools that keep up-to-date with rapid changes in technology. A mandatory approach to filters risks replacing current, user-friendly tools (filtering across a variety of categories of content, but built on a common set of core categories) with a more inflexible 'top down' regulatory system".

The problem with this is that the assertions that the current system works well and that ISPs are best placed to deliver what their customers want are read as assertions and completely fail to engage with the critical piece of evidence that the Communications Committee brought to the attention of the Government and your Lordships' House at paragraph 251. The report highlights dramatically different filtering take-up rates between active choice, used by most of the big ISPs and default on, used by Sky. It states:

"Evidence shows that the usage of Sky's filter systems is far higher than that of the other ISPs, as would be expected with a default on system. Customers are free to switch the filters off, but there are a significant number who do not actively choose to".

If you examine the oral evidence given to the committee and the Ofcom report on internet safety measures, *Strategies of Parental Protection for Children Online*, you see that the difference in take-up between active choice on the one hand, which is used by the other big ISPs, and default on, used by Sky, is certainly not slight; it is dramatic. We are talking about a difference between an 8% to 10% take-up rate with active choice and a more than 60% take-up rate with default on. Indeed, if you read the oral evidence, you will see that this claim is made all the more striking by the fact that

Sky initially adopted active choice. After getting only an 8% to 10% take-up, it moved to default on. As Sky told the committee:

"We have considered both options and we are pretty confident we have got the right outcome, if the objective is high parental engagement and high take-up of controls".

The report acknowledges that this makes complete sense by referencing the evidence of Dr David Halpern, who headed up the nudge unit at No. 10 for some years. He noted that people have,

"a very strong tendency to stick with whatever the default had been set at".

If the Government are serious about keeping children safe online, how can they cast aside the crucial recommendation to require statutory adult content filters on the basis of default on? It is one thing not to take steps to promote default on in the absence of clear evidence that it works, but quite another to do nothing in the face of clear evidence that it does—and works much better than active choice. With the knowledge that default on works much more effectively comes a responsibility to act, if we want to do right by our children.

To this end, I am disturbed by the fact that the Government simply dismiss the proposal and that the justification that they provide does not attempt to engage with or criticise the relevant evidence that the committee has presented. It rather suggests that they do not have a good justification for adopting these positions but have decided none the less to accommodate a situation in which most ISPs continue to operate active choice. If the Government have a real and relevant reason for not requiring default-on filters, even though the evidence clearly demonstrates a far higher take-up rate than with active choice, will the Minister please share it with us?

I now turn to the third paragraph of the Government's response to the Communications Committee's recommendations on filters, which completes their response to the recommendations in paragraph 258. Like the first paragraph of the response, this paragraph ignores the point of central importance—the evidence that default-on is a much better tool for protecting children than active choice—and focuses instead on the proposal that ISPs be required to offer adult content filters by law rather than through self-regulation. It contends that the big four ISPs—which are already doing this—cover 95% of the market and that all the remaining ISPs do not service households with children and are, consequently, not relevant. Two points must be made in response to this. First, this is a completely irrelevant argument with respect to the case for requiring ISPs to present filtering in the default-on format, since most of the market does not benefit from this on any basis.

Secondly, while it most certainly is the case that some of the smaller ISPs that account for the rest of the market after the big four service only businesses, this is not so for all of them. Unless we want to effectively say that some children do not matter, we have to address the smaller ISPs that service homes with children.

I now move to the second key recommendation of the report, in paragraph 259, which states:

"Those responsible for providing filtering and blocking services need to be transparent about which sites they block and why, and be open to complaints from websites to review their decisions within an agreed timeframe. Filter systems should be designed to an agreed minimum standard".

This recommendation deals with three things: the need to be transparent about filtering standards; the need for a minimum standard; and a mechanism to deal with over-blocking. The only paragraph left in the Government's response to the two filtering recommendations in paragraphs 258 and 259 is the middle one. This deals with over-blocking and does not cause me any concern, but has nothing to say about the need for common filtering standards. It means that the Government's response to the committee's filtering recommendations has not engaged at all with one of its key proposals.

ISPs have considerable power in setting filtering standards and, in the absence of common standards, the challenge of keeping children safe online becomes that much more difficult. As paragraph 52 of the report elaborates:

"Children use multiple devices to access digital services and can connect from their home network, school, friends' houses, or by using public wi-fi and mobile networks".

According to the BBC:

"These can all have different levels of filtering and present challenges to parents who want to try to control their child's use of the internet".

Parents who are used to a certain set of filtering standards under one ISP assume, not unnaturally, that the same standards apply generally. This can be a challenge if, in addition to using the internet at home, your child also uses it in other contexts where filters are applied but by other ISPs, for example at school, through public wi-fi in a cafe, through the internet at a friend's house, et cetera. It is also an issue for families who change their ISP and assume that family-friendly filters provided by another ISP will subscribe to the same standards. It is because of this that my Online Safety Bills have required Ofcom to set filtering standards further to a public consultation.

I am under no illusion that filters make the internet safe—they do not. Filters do, however, help to make the internet safer for our children, and given that the Government have refused to introduce age-verification checks for other forms of adult content beyond pornography, they remain vital. I am disappointed that the Government have failed to engage properly with the important recommendations in this report on filtering, especially the imperative for sanctioning default-on above active choice, and the need for common standards. I ask that when the Minister responds, she provides a proper response to the filtering recommendations in the report that actually engages with the presenting arguments, or that she agrees to take another look at this.

4.06 pm

Lord Suri (Con): My Lords, this topic is of great and growing importance. Reading the *New Statesman* the other day, I was struck by a quite extraordinary suggestion in an article by Marie Le Conte. Embarrassing pictures of our future Prime Ministers and senior Ministers and comments they have made will exist, most likely on the devices of other people, and may well emerge in future. This will no doubt become commonplace and a recurring scandal in future. This process is already

[LORD SURI]
becoming a regular occurrence among unfortunate younger Members of the other place. This is a great shame, in my view. An enormous number of good and talented people will be laid low or barred from careers in public life due to minor indiscretions, which are on the public record for ever.

As legality and public morality diverge, I feel the classic link drawn by Lord Bowen, of the man on the Clapham Omnibus, can no longer be said to hold. Our representatives will act, speak and pose legally, but will be held to standards that did not exist at the time, and which they could not possibly have predicted.

The direction of travel at this time certainly appears to be towards a stricter regimen and harsher rules when it is broken. It is in that spirit that I endorse this report and the great number of sensible and practical proposals it proffers to the Government, which will find cross-party support. In some cases, I do not think it goes far enough. It is my view that social media companies should not merely up their game in helping their clients to delete content, but should positively transform it. They ought to provide for mass deletion of all activity on public profiles in set periods of time and start offering the service immediately. It is a nonsense that youngsters might be held accountable for comments they wrote at a young age, and even more nonsensical that they be forced to delete them one by one.

Instagram, Facebook, and Twitter are not poor companies. They are not incapable or lacking in talent. They deal in data, and that is why they are so unwilling to aid their clients, but that is what they must do. Throwing their hands up, they might exclaim that they are mere platforms—passive facilitators to their users. But as the report notes, the hostile and competitive edge they engender further spurs the need for their users to be provocative. Future adults will want to put their past behind them. They deserve the right to do so.

This is not an attack on social media. It is an acknowledgment of the need for good regulation. Social media brings connectivity and other benefits, but strips the right all of us here enjoyed in our youth: that of indiscretion. Let us embrace the benefits, but also uphold the rights. There is a need to hold those in public life accountable for their actions, but children and youngsters do not deserve that scrutiny.

I agree with the need for a children's digital champion in the Cabinet Office, but will the Minister consider adding that responsibility to an existing ministerial role? This would provide a dedicated governmental champion to address these issues, and a complementary political leadership to the Civil Service bureaucracy. Will my noble friend also lay out what timescale she thinks is reasonable for the publication of a code of conduct following meetings with industry leaders?

4.11 pm

Baroness McIntosh of Hudnall (Lab): My Lords, when I put my name down to speak in this debate I asked to go on late, for reasons to do with having to occupy the Woolsack for a bit. I knew that when I got to the end of the debate there would be little left for me to say. I did not quite anticipate feeling that everything that I might have wanted to say had not only been said by other people, but said so much better and with so much more passion and authority than I could possibly muster that, frankly, every ounce of confidence I ever had about participating in this debate had drained out through my toes. I will therefore make only a few brief remarks, which are reflections on what I have heard in the debate.

I am a member of the Communications Committee, which I joined just as this piece of work was getting under way, so I participated in it. I thank our sometime chairman, the noble Lord, Lord Best, for the skilful way he led us—in our very different states of grace in relation to the information we were given—to a series of conclusions to which we were all happy to sign up and to which I here publicly sign up. I do not intend to tell the House all the reasons why I agree with the report, because at the end of this long debate that seems entirely redundant.

I will, however, say something that bears on something the noble Baroness, Lady Murphy, said about—I may get this wrong—*Facebook for Dummies* and for "senior dummies". I fall into the dummies category but not yet into the Facebook category. I make it clear that part of the reason I struggled to understand a lot of what was put in front of us as this report took shape was that I have resolutely set my face against participating in social media. The reason for that is not because I do not know how to use the internet—I do, pretty much, and I use it—or because I disapprove of it in some high-minded, moral way. It is because I do not wish to know the things it wants to tell me. That includes all the kind of rubbish that runs about on Twitter—and I say that knowing full well the sort of rubbish that is—and all the trivial stuff that my children and now, increasingly, their children, want to say to each other through Facebook, Twitter and other things.

I can use WhatsApp and am very pleased to do so, because I can get lovely photographs of my grandchildren and take lovely photographs of the hedgehogs that live in my garden and send those to my grandchildren. That seems entirely benign. What is not benign is the impact of, first, some of the content available through social media networks—much of which has been extensively described, or at least alluded to, as the debate has gone on—and, secondly, the amount of our children and young people's brain space and time that is being taken up by stuff which, yes, of course, has great value and is extremely useful to them in lots of ways, including in facilitating some social relationships, but much of which is at best trivial and at worst downright harmful.

I am not foolish enough to think that you can stuff any genie back in its bottle, so I do not subscribe to the view that by simply saying "We don't like this" we can make it go away. The report does not in any way try to do that. The noble Baroness, Lady Shields, referred to being perpetually in a state of catching up. What the report tries to say is that we will be running behind the developments that the large tech companies can come up with and behind the ability of young people, for whom it is a natural part of their lives to use that technology for uses of which we may approve and of which we may not approve. But although we will

continue to be on the back foot as legislators, or indeed just as old people—I do not mean to imply that everybody in this debate is old, but I am—in all seriousness, we must not therefore decide that nothing can be done.

I learned so much from the noble Baroness, Lady Kidron, in the course of this report's creation, as I did from all my colleagues, from our special advisers and from many of the witnesses who came before us. I listened to her yesterday proposing several amendments to the Data Protection Bill, which she is supporting along with other Members of your Lordships' House, and it was an absolute masterclass in clarity and focus, which was bedded in very deep knowledge about the issues that we are discussing this afternoon. I have heard others speak today from exactly comparable depths of knowledge and all of them, including in particular the noble Baroness, Lady Kidron, are saying that there are things we can do. They may not be absolutely infallible, may have to be changed and may address only some of the issues that worry us, but something can be done.

I do not need to repeat what those things are because they are in the report and lots of others have talked about them. But will the Government, and the noble Baroness on the Front Bench when she replies, please take seriously the strong indications given by the report that it is not good enough to say, "This is too difficult"? It is difficult and there will be resistance from very powerful interests that do not wish, for perfectly obvious reasons, to have constraints placed on their ability to operate as commercial entities. We do not have to see them as monsters; we simply have to see them as commercial entities acting in their own interests. In lots of situations, we want to encourage people to act commercially in their own interests. But there is a great deal about the way in which tech companies, large and small, are—I hesitate to say this but I will—preying on our children that is absolutely not benign. It does not conform to any of the values to which I think most people in this place today, and beyond, think that we should subscribe.

One of those values is something that arose from the remarks of the right reverend Prelate the Bishop of Gloucester, about the centrality to our ability to live fulfilled lives of direct human contact and relationships. When I walk down the street, I see groups of young people who are physically together, but every single one is looking at his or her phone. I cannot help but think, "Why are you doing that? What on your phone is so much more beguiling than the person next to you who is your friend?".

I do not know the answer, but we must ask the question, and we must surely attempt to require more of these very powerful corporations, of which we have need and of which we are in some awe—let us be honest. If you are me, you really do not get how they do it, but you jolly well know that they do, and that they have a responsibility to those who are growing up now, which means that we must require of them the highest possible standards. I recommend to the Government that the very first thing that they do to make this happen is accept the amendments to the Data Protection Bill from the noble Baroness, Lady Kidron, which had the support—as I understood it yesterday afternoon—of many people across the House, on all sides. That would be an extremely good place to start, although it will certainly not be the end.

4.21 pm

Lord Vaux of Harrowden (CB): My Lords, I share the problem that the noble Baroness had of going late in the debate, and I fear that she has only made the problem worse. I, too, add my congratulations to the noble Lord, Lord Best, and the committee on this very thought-provoking report, and to the noble Lord on his excellent introduction to this debate. I also welcome the Government's response and the Green Paper—and, especially, the speech by the noble Baroness, Lady Shields.

This is an area that is close to my heart, partly because I have worked in the technology industry for the last couple of decades, but more so because I have two teenage sons. It is very easy for discussions about the internet and children to focus solely on the negatives, and I fear I may end up doing this too, so I wanted to start by stating that the internet is overwhelmingly a good thing and still a good thing for children, too. It allows access to information in a way that is unparalleled in history; it facilitates communication and social interactions globally; it provides opportunities for creativity and self-expression; and it provides entertainment opportunities that I would have loved to have as a child—possibly not the same sort of entertainment opportunities as the right reverend Prelate referred to earlier.

I am struck by the way in which my youngest son, having been uprooted from London to the wilds of south-west Scotland, has been able to keep up with his old friends. I often find him, headphones on, shooting aliens on the television screen while chatting away to his friends in London and playing with them. In the past, maintaining such friendships would have been very difficult. So it is not all bad. However, as this report so clearly sets out, there are real challenges. I talked to my children's school in preparing for this debate. I think it fair to say that uncontrolled screen time, particularly connected with social media, is now seen as the single biggest issue. The negative effect on children's mental health was mentioned several times. One comment from a housemaster especially stood out for me. He said:

> "I believe we are starting to see this within our boarding houses: isolated individuals existing in their own bubble, ignoring the real world around them".

The report sets out many recommendations, all of which I agree with, around filtering, firewalls, time out, age-appropriate content and design, the right to be forgotten, and so on. These are fine as far as they go. However, any 12 year-old worth his or her salt can easily get around any and all of these—I know that my children have done it with me. The internet and technology are moving so fast, and are so global in nature, that it is difficult, if not impossible, to regulate and control effectively and fully. Equally, those sorts of restrictions do not solve the problem of screen time and social media raised by the school.

I am not saying that we should not take all these actions, as we absolutely should; rather, I am saying that we must recognise their limitations. That genie is out of the bottle and cannot be put back in.

[Lord Vaux of Harrowden]

The only answer, I believe, is education from an early age. The report talks about digital literacy, and I agree fully with those witnesses who said that,

"children themselves need to grow up digitally literate".

I echo a number of noble Lords in strongly agreeing with the report's recommendations that digital literacy should become,

"the fourth pillar of a child's education".

The Government's response and the Green Paper recognise that, and the noble Baroness, Lady Shields, reinforced it, but perhaps understandably they tend to concentrate on online safety. Of course, this is important, but I think that we really need to go further. We must give our children the tools to be safe, but we must also give them the tools to be able to get the best out of the incredible resource that is the internet. We need them to develop a critical awareness of what is out there, how to evaluate and deal with what they come across and how to handle the many interactions that they will have, but also how to recognise the potential negative effects on them and how to be able to self-regulate.

Just as the internet has become a core part of our children's lives, so it should become a core part of the curriculum. It should not just be part of computer science lessons, which many children—my own included—see as geeky, technical and irrelevant. The ability to critically evaluate information, relationships and social interactions is not just an internet skill; it is a wider life skill and one that children need.

However, importantly, as a number of noble Lords have mentioned, that education must include parents. The report and the Green Paper touch on this but in my view do not go far enough. This morning during Question Time, the noble Lord, Lord Agnew, said that parents need to take greater responsibility for their children's online activities—a point that the noble Baroness, Lady Benjamin, made perhaps even more forcefully. I agree but, speaking for myself at least, parents need much greater help and guidance to achieve it.

I consider myself to be relatively tech savvy, but I am not a "digital native", much as I hate that phrase. I did not grow up with social media or mobile phones. My children simply cannot understand a time without such things. It is as alien to them as the age of the dinosaurs—something that they often tell me I belong to. Equally, their reliance on social media is a mystery to me. I know I am not alone in the internet and screen use becoming more of a battleground than a discussion with my children. Bring back the days when the battles were over broccoli.

Parents need help to understand what their children are, or may be, up to online, the potential effects of too much screen time, the risks of becoming too dependent on social media "likes", and the impact of filter bubbles and echo chambers, and so on. In short, parents need to be given the tools to be able to help their children get the most out of the internet while managing the risks. I wonder whether joint lessons provided by schools, with children and parents attending together, might provide a basis for family discussion, replacing some of the heat with light. I, like the committee, am hopeful that the new generation of teachers who have grown up with the internet will be a great help in all of this.

Screen time, for me, is an area of particular difficulty, and the lack of clear guidance from either schools or government makes it difficult to enforce limits. As the parent of any teenager knows, a 15 year-old knows best and parents know nothing. It is very hard to apply restrictions to your child when all their friends have greater freedoms. As a parent, and speaking very much for myself, I would greatly welcome clear guidance on this subject.

As a final point, I think that we all have a role to play. It is not just our children who have become over-reliant on the internet and their devices. How many of your Lordships have looked at their phones while we have been in the Chamber today? I know that I have. Perhaps we need to lead by example. I will leave the last word to my sons' school:

"We need to help our children to regain control of their devices, as opposed to their devices controlling them".

4.29 pm

Lord Griffiths of Burry Port (Lab): My Lords, I am grateful for the opportunity to speak in what has been a passionate and instructive debate. I must begin, however, with a word of apology to the noble Lord, Lord Best. I heard the right reverend Prelate the Bishop of Chelmsford in penitential mood and feel that, as a Free Church man, I must follow in his footsteps. I apologise to the noble Lord for being just a little late in arriving. I ran up the stairs, I promise, and hope I can count on his indulgence. His speeches are not anything I would miss; I am still dealing in my head with the package for old people when they need to move house, the subject of the last speech I heard him make in this House. He may rest assured that I shall hang on to his every word.

I am grateful on behalf of all of us to the noble Lord, Lord Best, and to the other five members of the committee who have contributed to the debate. The noble Lord steps down now from his responsibilities. It has indeed been a golden age and I congratulate him on that. I say congratulations also to the noble Lord, Lord Gilbert of Panteg, as he takes over. I will say the same word in the language of heaven: "Llongyfarchiadau".

The report is splendid, but what a privilege to speak at this point in the debate having had the opportunity to listen to the noble and learned Lord, Lord Thomas of Cwmgiedd, who is a very honoured and honourable man in his own right. The newspaper headlines not a few months ago did not half catch the spirit of the man: did they not call him "the man who blocked Theresa May's Brexit"? Perhaps that is too controversial for someone making his maiden speech, but it is a delight to have him here. As the noble Baroness, Lady Murphy, referred to, he has been here before—but we have had to wait for this pleasure. WB Yeats wrote a poem, and in my Church tradition we have a doctrine, called "The Second Coming". It seems to me that that may be what we have had today. In the poem, there is described a "ceremony of innocence". The simple routines and rigmaroles that have attended the making of his speech today suggest that.

It is in the same poem that we read that the "centre cannot hold". The debate about the internet suggests that that might be a danger facing us, too. In such a moment of crisis, says the poet,

The best lack all conviction, while the worst
Are full of passionate intensity.

I believe that we are living at such a moment in our history. This is an issue that concentrates the dangers, as well as opportunities, that we have been debating this afternoon.

As has been referred to by others, only yesterday the Committee stage of the Data Protection Bill took place. In that debate we went into all the questions that were raised by the noble Baroness, Lady Kidron, which I will come back to in a moment. As well as that coinciding with this debate, I have had to miss a two-day event organised by my noble friend Lady Massey of Darwen—yesterday and today—which brought together in an ingenious way children and experts to look at the question of children's mental health and access to justice. The committee whose report we are discussing did consult children, and the conference to which I referred had children in its midst. We have heard reference in this debate to the need to listen to children. I hope that those discussing the Bill will be as aware of the need to hear from children as the members of the committee and my noble friend Lady Massey and her cohorts have been.

With the protection of the GDPR, which we have all been conscious of, which frames rights and activities for children, it is vital that we see to it that the way that it acts itself out strengthens the safety of children and avoids watering down protections currently enjoyed.

My noble friend Lady McIntosh and the noble Lord, Lord Vaux—I hope that I have pronounced that correctly. Is it pronounced "Voh"? "Vokes"?

Lord Vaux of Harrowden: Vaux.

Lord Griffiths of Burry Port: I will do my best. I beg the noble Lord's pardon for being so direct. It is pronounced "Voh". Never mind—we know who we are talking about.

The noble Baroness, Lady McIntosh, and the noble Lord, Lord Vaux, referred to speeches made just yesterday in Committee on the Bill. Echoing things that have been said, if I could do the verbal equivalent of copying and pasting the speeches of the noble Baroness, Lady Kidron, the noble Baroness, Lady Harding of Winscombe, and someone to whom she referred in her speech—the noble Baroness, Lady Lane-Fox—and now add to them a voice I have heard today, the noble Baroness, Lady Shields, what a foursome we would have. They could front responsible legislation that would have a chance of meeting all the objectives that we set ourselves. I say to the Government: why on earth can that not be done? We have the expertise, the insights and the energy.

The noble Baroness, Lady Shields, talked about the laws that were needed to protect children, and she speaks, I understand, from within the Prime Minister's office. I suppose she will disclaim any further claims and say that she speaks in her own right, but she has the ear of the Prime Minister, who we know is not deaf. So will Ministers in this House take the advice that she so strongly gave in her speech? We need her voice, her energy and the points she made in her discussion. Together with the other noble Baronesses I described, we would be in safer hands.

One other recommendation in the report picks up what I have already said. It states:

> "We further recommend that the Government should commission a version of the code of conduct which is written by children for children and that it builds on 'in depth' contributions of young people from existing research".

There it is in the report. We are all saying nice things about the report, but nice words are not enough.

Parenting has been picked up again and again by various Members who have spoken. Indeed, we have heard of the family circumstances of children who have or have not done this or done that as part of the growing-up exercise. I, too, therefore feel justified in introducing that note. The development of resilience was mentioned by one noble Lord. We had a Question about that today. Parents are not digital natives, according to the noble Lord, Lord Gilbert of Panteg. It cannot be left to parents said the noble and learned Lord, Lord Thomas of Cwmgiedd—I shall say that several times. Cwmgiedd is near Ystradgynlais, for those who do not know. We need an awareness package for parents, said the noble Lord, Lord Addington. I will introduce my daughter at this point, and indeed all my children. I taught them to read and write; my wife taught them to count. Between us we licked the platter clean. The point is that as I helped her to form words that are precious to me, and as I helped her to understand the music of language and to enter into the reading exercise that opens up worlds, I was teaching from a culture that is mine into her nascent consciousness.

She would soon outgrow anything that I could teach her; that is not the point I wish to make. It is that I was using raw materials that are particular to me, that belong to me and are part of my culture, education and experience, and she picked them up and became a linguist. She speaks all the languages that you can think of, and I can make my way in some of those languages, too. But when I went to China, where she lived for three years, then Cambodia, where she lived for 10, I found myself in contexts where I could not make cultural sense of anything around me. She became my teacher.

I am thinking about the internet at a philosophical level. Parents of our generation were able to inculcate the cultural norms that were particular to us. I have watched my children; they learned about the computer as an objective external reality they had to assimilate. My children are already being taught things with their children that they never learned. For the first time in history, we are living in a time where parents do not have what it takes to inculcate in their children the responses required for facing life and its challenges. Therefore, we must look for resources in an entirely different way. Many people, including the noble Baroness, Lady Kidron, have said that the child is at the centre. Yes—but how on earth do we help them? How do we muster the forces that can surround them? That is a key question.

The debate has been invigorating. Onerous responsibilities have been put on the Government. I know the honourable Lady opposite—noble, not honourable; not that she is dishonourable—has been taking note throughout. However, the responsibilities are onerous and on huge challenges. Do we have a digital champion? Is that a helpful way to describe it? Does it matter if it is a Minister, a digital champion or anything else, as long as they are armed with the

[Lord Griffiths of Burry Port]
statutory powers to do what they need to do? That is what we were hearing, and I can see that other people in the debate have referred to the capacity of the commercial world to outstrip the legal and ethical norms we establish for ourselves being endless. We therefore have to find a way to intervene in that seemingly hopeless situation, to take the whole debate by the scruff of the neck again and do something about it. It has been a jolly good time and we are about to go for our well-earned rest. I was challenged in the report by the need to put the internet as a fourth pillar of the educational system. We have "reading, 'riting and 'rithmetic"; I was challenged to find a word for the fourth pillar that began with an "r"—not that "writing" does, nor "arithmetic". So, we have some flexibility. If anybody in the House can help with that challenge, I would be more than grateful—but I would claim it as my own.

Adding the word "digital" to the title of the Department for Culture, Media and Sport certainly recognises the way the internet and technology now inhabit the same space as, and underlie, all those other activities. However, adding a word is not enough. The Government need to take action to develop the skills and insights recommended in the report and take the necessary steps to avoid the exacerbation of divisions in society that may be caused by the abuse or misuse of technology. Robin Mansell puts it this way:

> "The challenge isn't only whether digital communication … is explorative or liberating, inclusive or exclusive, it is to keep in mind that … human agency still matters. It isn't digital technology that makes society but human beings in their institutional settings who make the world".

If that is true for adults, it is necessary for us to understand it on behalf of our children, too.

4.43 pm

Baroness Chisholm of Owlpen (Con): My Lords, I am very grateful to the noble Lord, Lord Best, and his committee for all their work on this subject, and to all noble Lords for sharing their insight. My goodness, what a fascinating debate and report.

The Government thank the committee for its timely inquiry into children's lives online and its valuable contribution to an extremely important debate on communications and public policy.

I also welcome the noble and learned Lord, Lord Thomas of Cwmgiedd. It is a difficult one to pronounce, but I will learn it and make sure I get it completely right next time if I have got it wrong. I thank him for his excellent maiden speech. He is a great addition to this House. He will bring an enormous brain here. I am pleased he is now free to give us his wisdom over the coming weeks, months and years to come.

The committee's *Growing up with the Internet* report highlights the evolving digital environment that children experience and correctly identifies a number of potential risks that children face online, including access to harmful content, cyberbullying and loss of privacy. As the noble Lord, Lord Vaux, said, the report also pointed out that at one stage the argument was about vegetables and whether they had been eaten at tea, but now it is quite different: it is about whether we can take devices away.

The Government take internet safety very seriously for all users, particularly children. In our manifesto we committed to bringing forward a digital charter with the twin goals of making Britain the best place to start and grow a digital business, and the safest place in the world to be online. As my noble friend Lady Shields and the noble Lord, Lord Best, mentioned, the Data Protection Bill is currently going through this House, bringing data protection laws up to date in line with the digital age.

As part of our work on the digital charter, we published the *Internet Safety Strategy* on 11 October, which focuses on keeping all users safe online. The strategy covers the responsibilities of companies to their users, the use of technical solutions to prevent online harms and the Government's role in supporting users. Noble Lords who have had a chance to read our strategy will see that we took into account many of the recommendations that the committee's excellent report put forward. The objectives of our strategy are underpinned by three key principles, as the noble Lord, Lord Gordon, and the noble Baroness, Lady Kidron, mentioned. We believe that what is unacceptable offline should be unacceptable online; that all users should be empowered to manage online risks and stay safe; and, importantly, that technology companies have a responsibility to their users.

We have worked across government. As the noble Lord, Lord Addington, asked, the Secretary of State has been engaging across parties—we will continue to do so—as well as with a wide range of stakeholders to produce a coherent strategy that not only looks at what the Government can do to tackle online harms, but seeks to work with industry so that technology companies can play their part in addressing harms facilitated by their platforms. The internet brings a number of challenges to our society and the Government need to react to new social norms. We are also clear that the rights and well-being of users—particularly children—need to be protected online, just as they are offline.

The committee called for an ambitious programme on digital literacy. As I mentioned, one of the key principles in the strategy is that all users should feel empowered to manage online risks and stay safe. We recognise that it is particularly important that children have the right knowledge and skills to be able to do this. As the noble Lords, Lord Best and Lord Gordon, mentioned, children are digitally aware at a younger and younger age.

The *Internet Safety Strategy* outlines the crucial role that education will play in improving children's safety online and the importance of digital literacy, which was brought up in speeches by the noble Baroness, Lady Murphy, the noble Lord, Lord Vaux, and the right reverend Prelate the Bishop of Gloucester. We want to help children successfully manage online risks throughout their lives. DCMS will work with the Department for Education to ensure that online safety forms part of the new compulsory relationships education in primary schools and relationships and sex education in secondary schools, as well as personal, social, health and economic education if it is made compulsory.

We plan to hold a children's round table better to understand their concerns about online safety. We also plan to hold focus groups with children so they can

share their views of online safety. The noble Lord, Lord Griffiths, and the right reverend Prelate the Bishop of Gloucester said it was important to encourage peer-to-peer safety online programmes. We are very keen to do that, recognising the positive impact these can have on young people. By working through civil society organisations such as the Girl Guides and Scouts, we will enable further outreach to children and young people, and this will help embed our online safety messages. We know that a number of technology companies are already working in partnership with those organisations. Since the publication of our strategy, Facebook has announced funding for every UK secondary school to have a digital safety ambassador in partnership with Childnet International and the Diana Award. We warmly welcome this initiative.

Many noble Lords, including the noble Lords, Lords Griffiths, Lord Addington, Lord Gilbert and Lord Vaux, the noble and learned Lord, Lord Thomas, and the noble Baroness, Lady Murphy, talked about educating parents. We want parents confidently to engage with their children on online issues and we will work to ensure that they have the guidance they need, starting when their children are very young, and we will continue as they grow. We will task the renamed UK Council for Internet Safety, or UKCIS, with reviewing the online safety materials currently available and identifying any gaps in resources. As part of the internet safety strategy, the Government will work with social media companies to ensure that safety measures are built into online platforms so that parents can stay up to date.

The committee also recommended that we have minimum standards set out for industry. We are keen that industry plays its part in keeping users safe. Through the strategy, we are consulting on the introduction of a social media code of practice as laid out in the Digital Economy Act. The code will tackle conduct that involves bullying or insulting an individual online, or other behaviour likely to intimidate or humiliate the individual.

Technology can play a key role in keeping children safe online, which is why we have dedicated a whole chapter in our strategy to support technical innovation which will improve user safety. The strategy focuses on supporting and developing a world-class online safety industry in the UK, providing better safety information to start-ups and app developers, and raising the awareness of existing safety measures. The noble Lords, Lord Best and Lord Gordon, asked about voluntary action. We want to give industry the opportunity to show its commitment to online safety without being overly prescriptive, but if this proves unsuccessful, legislation will be brought under the broader digital charter work.

The UK Council for Child Internet Safety has already carried out pioneering work which has contributed to the online safety of children, including producing guides for industry, parents and schools. We will build on this work by expanding the council's reach so that it covers all users and aligning its work to the priorities set out in our strategy.

As the internet expands and becomes increasingly fundamental to young people's lives, it is important that we are able to address the dangers they face. We need to ensure that all users can access the benefits that the internet has to offer while being reassured that they have the capability to manage potentially harmful or inappropriate content. That is why we brought forward the internet safety strategy.

Several points were brought up by noble Lords that I want to address before I finish. I am afraid that I cannot really answer the question asked by the noble Lord, Lord Addington, on technology and disabilities, but he has brought it up before and it is very important. I will take the question away and make sure that I can give the noble Lord a proper answer.

The noble Baronesses, Lady Kidron and Lady Benjamin, and the right reverend Prelate the Bishop of Gloucester all referred to the children's digital champion. The Minister for Digital is responsible for all digital matters in government and will work with ministerial colleagues across government and with a range of stakeholders, including the UK Council for Internet Safety, to keep children and young people safe online.

On the potential to create an ombudsman to independently handle requests by children to take down content in our internet safety strategy, we are consulting on whether social media companies should pledge greater transparency about the incidence of reporting that takes place on their platforms, as well as consulting on our code of practice, which will give companies guidance on how best to keep their platforms safe.

The noble Baroness, Lady Kidron, talked about widening the scope of UKCCIS. We acknowledge the pioneering role that UKCCIS has played in promoting and championing improvements to child online safety in the UK and we propose building on this and remodelling UKCCIS to align with the internet safety strategy so that we can take a leading role in this work along with UKCCIS.

The noble and learned Lord, Lord Thomas, talked about an international deal. We are approaching the challenges of online safety with leading international tech companies and like-minded democracies as we develop our thinking on the digital charter. As the noble Baroness, Lady Shields, mentioned, initiatives such as the WePROTECT Global Alliance will be vital in this area. The noble Baroness, Lady Murphy, in her very interesting speech, talked about education on critical thinking. The new computer curriculum was developed by experts and helps give children the tools they need to make sensible choices online. The citizenship curriculum also equips pupils with the knowledge and skills to think critically and to research and interrogate evidence. We are now considering what more should be taught in relationships and sex education to give children the knowledge they need to think critically about online relationships as part of digital literacy.

The noble Baroness, Lady Howe, talked about filters. We believe that the current voluntary approach works well, as it engages parents to think about online safety but applies filters where they do not engage. We are certainly going to take this away and think about it further. The noble Lord, Lord Suri, asked about the timescale for a social media code of practice. We aim for this to be published in 2018.

This debate has showed the extraordinary expertise there is in this House on this subject. I think that the most important thing that the Government can do is to take away what has been said today and carry on

[Baroness Chisholm of Owlpen]
working with all noble Peers in this House as well as the tech companies and all sectors involved to make sure that we get this right as we go forward in this incredibly fast-moving area.

I thank the committee for its report, which was one of the most fascinating I have ever read. It made it simple to understand what needs to be done. That is why the Government have taken it on board wholeheartedly and want to move forward with a lot of initiatives that it put forward. I thank the committee again, I thank all noble Lords for their contributions, and I look forward to carrying on this debate in the future.

4.58 pm

Lord Best: My Lords, I thank all noble Lords for their contributions and for the near-unanimous support for all the recommendations in our report. I kept thinking after yet another excellent speech, "What a cracking speech" and then there was another one. I really think we were treated to some remarkably good speeches this afternoon; many thanks to all concerned. It was a special privilege to listen to the noble and learned Lord, Lord Thomas of Cwmgiedd. To have an ex-Lord Chief Justice with us is going to be tremendously helpful, not least in this particular field. I thank the noble Lord, Lord Gilbert of Panteg, as well, as the new chair. I can see that the committee is in very safe hands, and with the noble Lord, Lord Griffiths, as the champion there, this is obviously a Welsh takeover of the whole enterprise.

Six members of my committee spoke, and I am going to be very unfair and single out my noble friend Lady Kidron because she was so helpful during the preparation of this report and is now championing changes in the Data Protection Bill that are gaining a great deal of support across the House.

I am grateful to the Minister. I was very pleased that the internet safety strategy is taking on board many of our recommendations. I even heard this evening that the idea of an ombudsman, which I am very keen on, is getting serious consideration. The big question is whether we can regard self-regulation, voluntary action, by industry as sufficient when the moment comes that the Government are willing to act—and it is clear from the Minister's remarks that the Government are willing—as act they will need to do.

It is slightly strange and counterintuitive that the House of Lords is leading the charge not just about children but about the internet. Not everyone would have guessed that that is where we would be, but we are in the forefront on this and are very proud to be so. I hope that tonight is not the end but the beginning of an ongoing debate. I thank all noble Lords for taking part.

Motion agreed.

Counter-Daesh Update

Statement

5 pm

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, I will now repeat a Statement made in another place earlier this afternoon by my right honourable friend the Foreign Secretary on the campaign against Daesh. The Statement is as follows:

"Mr Speaker, with your permission, I will make a Statement updating the House on the campaign against Daesh in Iraq and Syria, but I should like to begin by saying that I called the Iranian Foreign Minister, Mr Zarif, this morning to discuss the case of Mrs Nazanin Zaghari-Ratcliffe. I expressed my anxiety about her suffering and the ordeal of her family, and I repeated my hope for a swift solution. I also voiced my concern at the suggestion emanating from one branch of the Iranian judiciary that my remarks to the Foreign Affairs Select Committee last week had some bearing on Mrs Zaghari-Ratcliffe's case. The UK Government have no doubt that she was on holiday in Iran when she was arrested last year and that that was the sole purpose of her visit. My point was that I disagreed with the Iranian view that training journalists was a crime, not that I lent any credence to Iranian allegations that Mrs Zaghari-Ratcliffe had been engaged in such activity. I accept that my remarks could have been clearer in this respect, and I am glad to provide this clarification. I am sure the House will join me in paying tribute to the tireless campaigning of Mr Ratcliffe on behalf of his wife. We will not relent in our efforts to help all our consular cases in Iran. Mr Zarif told me that any recent developments in the case had no link to my testimony last week and that he would continue to seek a solution on humanitarian grounds. I will visit Iran later this year, where I will discuss our consular cases.

I turn now to the campaign against Daesh. In the summer of 2014, Daesh swept down the Tigris and Euphrates valleys, occupying thousands of square miles of Iraqi territory, pillaging cities, massacring and enslaving minorities and seeking to impose by pitiless violence a demented vision of an Islamist utopia. Daesh had gathered strength in eastern Syria, using the opportunity created by that country's civil war to seize oilfields and carve out a base from which to launch their assault on Iraq.

Today, I can tell the House that Daesh has been rolled back on every battlefront. Thanks to the courage and resolve of Iraq's security forces, our partners in Syria and the steadfast action of the 73 members of the global coalition, including this country, Daesh has lost 90% of the territory it once held in Iraq and Syria, including Raqqa, its erstwhile capital, and 6 million people have been freed from its rule.

When my right honourable friend the former Defence Secretary last updated the House in July, the biggest city in northern Iraq, Mosul, had just been liberated. Since then, Iraqi forces have broken Daesh's grip on the towns of Tal Afar and Hawija and cleared the terrorists from all but a relatively small area near the Syrian frontier, demonstrating how the false and failed caliphate is crumbling before our eyes.

The House will join me in paying tribute to the men and women of the British Armed Forces, who have been vital to every step of the advance. Over 600 British soldiers are in Iraq, where they have helped to train 50,000 members of the Iraqi security forces. The RAF has delivered 1,352 air strikes against Daesh in Iraq and 263 in Syria—more than any other air force apart from the United States.

I turn now to Syria where, on 20 October, the global coalition confirmed the fall of Raqqa after three years of brutal occupation. The struggle was long and hard; I acknowledge the price that has been paid by the coalition's partner forces on the ground and, most especially, by the civilian population of Raqqa. Throughout the military operation, the Department for International Development has been working with partners in Raqqa Province to supply food, water, healthcare and shelter wherever possible. On 22 October, my right honourable friend the International Development Secretary announced another £10 million of UK aid in order to clear the landmines sown by Daesh, restock hospitals and mobile surgical units with essential medicines, and provide clean water for 15,000 people.

The permanent defeat of Daesh in Syria—by which I mean removing the conditions that allowed it to seize large areas in the first place—will require a political settlement, and that must include a transition away from the Assad regime that did so much to create the conditions for the rise of Daesh. How such a settlement is reached is, of course, a matter for Syrians themselves and we will continue to support the work of the United Nations special envoy, Staffan de Mistura, and the Geneva process.

I am encouraged by how America and Russia have stayed in close contact over the future of Syria. We must continue to emphasise to the Kremlin that instead of blindly supporting a murderous regime even after UN investigators have found its forces guilty of using sarin nerve gas, most recently at Khan Sheikhoun in April, Russia should join the international community and support a negotiated settlement in Syria under the auspices of the UN.

Turning to Iraq, more than 2 million people have returned to their homes in areas liberated from Daesh, including 265,000 who have gone back to Mosul. Britain is providing over £200 million of practical life-saving assistance for Iraqi civilians. We are helping to clear the explosives laid by Daesh, restore water supplies the terrorists sabotaged, and give clean water to 200,000 people and health care to 115,000.

Now that Daesh is close to defeat in Iraq, the country's leaders must resolve the political tensions that, in part, paved the way for its advance in 2014. The Kurdistan region held a unilateral referendum on independence on 25 September, a decision that we did not support. Since then, Masoud Barzani has stepped down as President of the Kurdistan Regional Government, and Iraqi forces have reasserted federal control over disputed territory, including the city of Kirkuk.

We are working alongside our allies to reduce tensions in northern Iraq. Rather than reopen old conflicts, the priority must be to restore the stability, prosperity and national unity that is the right of every Iraqi. A general election will take place in Iraq next May, creating an opportunity for all parties to set out their respective visions of a country that overcomes sectarianism and serves every citizen, including Kurds.

But national reconciliation will require justice, and justice demands that Daesh be held accountable for its atrocities in Iraq and elsewhere. That is why I acted over a year ago, in concert with the Government of Iraq, to launch the global campaign to bring Daesh to justice. In September, the Security Council unanimously adopted UN Resolution 2379—a British-drafted text co-sponsored by 46 countries—which will establish a UN investigation to help gather and preserve the evidence of Daesh crimes in Iraq. Every square mile of territory that Daesh has lost is one square mile less for it to exploit, tax and plunder, and the impending destruction of the so-called caliphate will reduce its ability to fund terrorism abroad and attract new recruits. Yet Daesh will still try to inspire attacks by spreading its hateful ideology in cyberspace, even after it has lost every inch of its physical domain.

Britain leads the global coalition's efforts to counter Daesh propaganda, through a communications cell based here in London, and Daesh's total propaganda output has fallen by half since 2015. However, social media companies can and must do more, particularly to speed up the detection and removal of dangerous material and to prevent it being uploaded in the first place. Hence, my right honourable friend the Prime Minister co-hosted an event at the UN General Assembly in September on how to stop terrorists using the internet.

The Government have always made it clear that any British nationals who join Daesh have chosen to make themselves legitimate targets for the coalition. We expect that most foreign fighters will die in the terrorist domain that they opted to serve, but some may surrender or try to come home, including to the UK. As the Government have previously said, anyone who returns to this country after taking part in the conflict in Syria or Iraq must expect to be investigated for reasons of national security.

While foreign fighters face the consequences of their decisions, the valour and sacrifice of the armed forces of many nations, including our own, has prevented a terrorist entity taking root in the heart of the Middle East, with all that that would have meant for our national security and the safety of nearby countries, particularly Lebanon and Jordan.

The struggle is not over and we will continue to take whatever steps are necessary to protect the British people, and the terrorist threat will change rather than die away, but the territorial defeat of Daesh is now within sight and the House can be proud of Britain's role in helping to bring that about. As one chapter closes and Daesh's grip is prised away from Syria and Iraq, we must redouble our efforts to help the people of those countries to rebuild and renew. I commend this Statement to the House".

That concludes the Statement.

5.11 pm

Lord Collins of Highbury (Lab): My Lords, I thank the Minister for repeating the Statement. I turn first to the formal part of the Statement, the Government's quarterly update on the fight against Daesh. I think everyone in this House, when this subject was last discussed last month, welcomed the steps that we have taken to bring an end to the rule of Daesh, its criminality and its evil, and I am sure everyone in this House will join the Minister in welcoming its defeat.

However, at that time I sought to find out from the Minister what the Government's current strategy is in Syria. What is their approach to the future? What are

[Lord Collins of Highbury]
they seeking to achieve, militarily and diplomatically, from our engagement? When we discussed this last, the Minister suggested that there would be further talks with all Syrian opposition groups and that further reports would be forthcoming. I do not see in this Statement much detail about that strategy, and certainly no mention of more meetings with the Syrian opposition groups.

My right honourable friend in the other place raised the question of the funding of opposition groups and is particularly concerned about whether funds would be going to jihadist groups. I would certainly welcome the Minister's response on that. As detailed in the Statement, war crimes have been committed by Daesh, but all sides in this conflict have committed war crimes. I would welcome a commitment from the Minister that all crimes in this shocking civil war will be properly investigated so that all those responsible will be held to account, whether they are the Government, the opposition or Daesh. It is vital that we do not concede one bit on this important area.

I also raise the question about prisoners and British jihadists fighting for IS and the remarks of the Minister of State for Africa. Again, it reflects the need to bring people to justice and hold them to account. I hope that the noble Earl will reassure us that this is not a shoot-to-kill policy somehow substituting for the need to bring people to justice.

I turn in conclusion to the imprisonment of Mrs Nazanin Ratcliffe in Iran. I think that all of us—certainly everyone on this side of the House, and, as far as I know, everyone in this House—share one common objective: to seek her release. Nothing we say or do today should hinder that objective. I certainly do not intend to heap blame or score political points, and I welcome what the Foreign Secretary said in the other place—that he would meet Mr Ratcliffe as soon as possible. I hope that in that meeting, the Foreign Secretary will properly explain his conduct and how every effort will be made to seek her release. I said last time that we need to shout from the rooftops about the rule of law, and I hope that that will be the case.

The Foreign Secretary mentioned the visit to Iran and his conversation with the Iranian Foreign Secretary on the phone. I welcome that communication, but we need to ensure that every contact, every communication with Iran is held on the most diplomatic basis. I welcome the fact that the noble Earl is here today repeating the Statement. I hope that when the Foreign Secretary goes to Iran, he is accompanied by someone such as the noble Earl, who will be able to put the case strongly—forcefully—but in a way that will not cause any counterreaction.

Lord Campbell of Pittenweem (LD): My Lords, like others—in particular, the noble Lord, Lord Collins—I welcome the terms of the Statement and the success which it revealed. I express my admiration for British service men and women and their role in training and conducting air strikes, and wholeheartedly support the humanitarian effort, as that is set out. I have some questions on that part of the Statement to put to the noble Earl.

First, what does transition away from the Assad regime mean? We have had a debate here about the difference between transition and implementation, but leaving that to one side, is it still the position of Her Majesty's Government that they expect President Assad to have a role in any such transition? Secondly, what methods are in mind to identify and bring to justice those on all sides—here I echo, to some extent, the noble Lord, Lord Collins—guilty of authorising, facilitating or using sarin nerve gas or other chemical weapons, whatever their rank, nationality or political importance? Finally, what proposals do the Government have to deal with the children and innocent spouses of United Kingdom citizens who fought for Daesh? Are the family members to be treated in the same way as those who fought, or is there a different, more enlightened policy?

Now I turn to the case of Mrs Ratcliffe, and I fear that I shall not be as charitable as the noble Lord, Lord Collins. First, I understand that the Government have been sent copies of legal advice on behalf of Mrs Ratcliffe to the effect that the United Kingdom could take legal action against the Iranian Government to protect her rights. Can the noble Earl tell us the Government's response to that legal advice?

But it is inevitable that focus will turn on the Foreign Secretary. Whatever he says now, the damage has been done. Whatever the Foreign Minister of Iran says now, the Republican Guard—at whose instigation Mrs Ratcliffe is being detained—is unlikely to be impressed. I cannot understand why the Foreign Secretary could not bring himself to give a formal apology. I am afraid this is only the latest of a series of foreign policy blunders by him, the last being his tasteless reference to tourism and Libya. The Foreign Secretary has annoyed our allies and embarrassed our friends. He was never fit for purpose and should never have been appointed to his present role. He should go now, and if the Prime Minister will not sack him then he should do the honourable thing and fall on his sword.

Earl Howe: My Lords, I am grateful to both noble Lords for their constructive comments. The noble Lord, Lord Collins, initially asked me what our strategy was in relation to the next steps in countering Daesh. We have a comprehensive strategy to defeat Daesh, working as part of the 73-member global coalition. As the Statement made clear, we are playing a leading role in that. As well as undertaking the military campaign in Iraq and Syria, the coalition is committed to doing a number of things: first, tackling Daesh's financing and economic infrastructure; secondly, preventing the flow of foreign terrorist fighters across borders; thirdly, supporting stabilisation in areas liberated from Daesh; and, fourthly, exposing Daesh's false narrative and the propaganda it puts out. The UK is playing its part in all those areas.

We must secure Daesh's lasting defeat by bringing it to justice and working with legitimate local authorities to ensure a stable, prosperous and united future for affected communities in both Iraq and Syria. We need to keep going on that, as the Statement made clear. In Syria, there ultimately needs to be a transition to a new and inclusive, non-sectarian Government that can protect the rights of all Syrians, unite the country and end the conflict. However, we are pragmatic about how exactly that might take place. Syria's future really has to be for Syrians themselves to decide on. We can

do our best to facilitate the process but it is right that there should be self-determination for the Syrians. In our view, the UN-led Geneva process, between the Syrian parties, remains the best forum for reaching a lasting solution to the conflict. Meanwhile, we can devote our funding to what needs to be done in response to the Syria crisis. We have committed £2.46 billion to the current situation in Syria, our largest ever response to a single humanitarian crisis.

The noble Lord asked what progress is being made in bringing Daesh to justice. There has been progress in that area. As the Statement mentioned, on 21 September the UN Security Council voted unanimously to adopt the UK-proposed Resolution 2379 on Daesh accountability. That resolution is a vital part of the effort to bring Daesh to justice, which the Foreign Secretary launched with his Iraqi counterpart at the General Assembly last year. The resolution requests that the UN Secretary-General establish a special adviser and an investigative team. The special adviser will both lead the team and promote the need to bring Daesh to justice across the globe. The team will collect, preserve and store evidence of Daesh's crimes, beginning in Iraq. The UK will contribute £1 million to the establishment of this team. Investigative and prosecutorial work is already under way across the world to bring Daesh to justice.

As regards foreign fighters, it is important that I clarify some remarks that have been referred to in this context. Our priority is to dissuade people from travelling to areas of conflict and our Prevent strategy includes work to identify and support individuals who are at risk of radicalisation. The Counter-Terrorism and Security Act 2015 enables police officers at ports to seize and retain temporarily travel documents to disrupt intended travel. However, those who have committed criminal offences should expect to be prosecuted for their crimes under the full range of existing counterterrorism legislation. Any decision on whether to prosecute will be taken by the police and Crown Prosecution Service on a case-by-case basis. However, we need to make clear that anyone who has travelled to Syria or parts of Iraq against UK government advice for whatever reason is putting themselves in considerable danger, particularly if they are fighting for our enemies.

I was grateful to the noble Lord, Lord Campbell, for his questions. I covered some of the areas that he touched on but I have not talked about chemical weapons. We are gravely concerned by the continued use of chemical weapons in Syria and we condemn any use of those weapons by anyone anywhere. The UN-OPCW Joint Investigative Mechanism concluded on 26 October that the Assad regime used sarin nerve gas against the people of Khan Sheikhoun on 4 April, with tragic consequences for hundreds of victims. Britain condemns that appalling breach of the rules of war. We call upon the international community to unite to hold Assad's regime accountable.

In 2013, as noble Lords will remember, Russia promised to ensure that Syria would abandon all its chemical weapons. Since then, the investigators have found the Assad regime guilty of using poison gas in four separate attacks. Russia has repeatedly attempted to disrupt efforts to get to the truth of the Khan Sheikhoun attack: first of all denying that sarin was even used and then, on 24 October, vetoing a UN resolution that would have extended the mandate of the investigative team. All we can do in this situation is work closely with our allies on robust international action to deter and prevent further chemical weapon attacks. That is, we believe, the right way forward.

As regards Assad's future, it bears repeating that his regime has overwhelming responsibility for the suffering of the Syrian people. His oppression has caused untold human suffering. It has fuelled extremism and terrorism and has created the space for Daesh. We believe that there needs to be a transition away from Assad to a Government who can protect the rights of all Syrians, unite the country and end the conflict. However, as I have made clear, we think it is for Syrians to decide exactly how that happens as part of a Syrian-led transition process which we will try to facilitate.

I have not covered the issue of Mrs Zaghari-Ratcliffe. I have noted the points that have been made. I am, though, acutely aware of the wish of my right honourable friend the Foreign Secretary to see a humanitarian solution emerge from the appalling situation that Mrs Zaghari-Ratcliffe faces. While acknowledging the kind comments of the noble Lord, Lord Collins, about me, I do not anticipate that I shall be one of the people asked to continue the process that has been started. However, I know that very competent people will be doing so and we hope that the Iranian Government are prepared to listen to reason on that score.

The only other point that I did not cover is on what we are doing to support children who are traumatised by the events around them in either Iraq or Syria. Noble Lords should be aware that DfID is supporting vulnerable children who have been exposed to injury, trauma or abuse by funding the provision of emergency healthcare and mental health services. We are in fact the largest contributor to the Iraq humanitarian pooled fund, which responds to the most urgent needs of vulnerable Iraqis. That has included psychosocial support services for over 2,700 people and referrals to specialist legal services for hundreds of survivors of torture and sexual violence.

5.31 pm

Lord Reid of Cardowan (Lab): My Lords, I am sure that on the sad and sensitive case that has been mentioned the Foreign Secretary would benefit from the Minister's wisdom. The Foreign Secretary today admitted that, in his testimony to the Foreign Affairs Committee on Mrs Nazanin Zaghari-Ratcliffe, his remarks "could have been clearer". We may think that is rather a generous interpretation and description of his testimony. However, leaving that aside, can the Minister explain why the Secretary of State for Foreign Affairs, having said that today, refused either to apologise or, more importantly, to accept the invitation extended to him in the House by a member of the Foreign Affairs Committee, Mike Gapes, to write and correct his transcript if he had misspoken. We know that we can all misspeak in front of committees and elsewhere. However, the opportunity is there to change that record by correction. He was given the invitation today and I do not understand why he did not accept it. Can the Minister impress this upon him? If he leaves it uncorrected through his own free will, he will

[LORD REID OF CARDOWAN]
compound the initial problem. It may well be, as the noble Lord, Lord Campbell, said, that it cannot be changed now in consequence, but at least it can be changed on the record. The wisdom of the Minister would be useful in speaking to the Foreign Secretary on this matter.

Earl Howe: My Lords, I will ensure that the noble Lord's remarks are conveyed to the appropriate quarter and I thank him for them. In my right honourable friend's defence, he has been as keen as anybody to emphasise to the Iranians that there are obvious humanitarian grounds for the release of some of our dual nationals. He has pressed consistently for consular access and has done everything that he feels appropriate to reunite those detainees with their families. It is important that noble Lords understand that while he may indeed have misspoken—and I will put that to him; I am sure that it has been put to him—he has in the background been doing what I am sure all noble Lords would wish.

Lord Marlesford (Con): My Lords, I welcome the important Statement my noble friend has repeated, which brings the extremely welcome news of the almost total military defeat of Islamic State—albeit at a huge cost in life, and misery and suffering for millions of people. I will focus my question on the section of the Statement which deals with British people, from the United Kingdom, who chose to go and fight for Daesh. The Statement says, rightly, that they have made themselves,
"legitimate targets for the coalition",
and that the expectation is that,
"most foreign fighters will die in the terrorist domain".
In the case of the British contingent, it would appear from a Written Answer which I received today from the Home Office that, of the 850 who went from this country to fight for Daesh, only 15% have died and 400 have already returned to the United Kingdom.

The Minister of State at the Foreign Office, my noble friend Lord Ahmad of Wimbledon, told the House last week in the most relaxed manner that the fighters were pouring back into the United Kingdom. The Government have not just the duty but, I hope, the means to prevent them coming back. I can see no reason why they should be allowed to come back and I hope very much that the Government will take steps to see that they do not come back. By fighting for the Queen's enemies and against the interests of the great majority of the world, they have lost the rights that they may have had in this country. In time of war—and we have been in war—it is normal that, where there is a clear conflict between human rights and national security, the British people expect national security to prevail.

Earl Howe: My Lords, I am sure that my noble friend's comments will resonate with many noble Lords. Approximately 850 UK-linked individuals of national security concern have travelled to engage with the Syrian conflict. That flow of British citizens has diminished considerably, but clearly there is a risk that some will attempt to return to this country. Our position is that, wherever possible, anyone fighting for Daesh should be brought to justice and that a decision to prosecute an individual suspected of fighting for Daesh should be taken by the relevant competent authority. Our policy is that terrorist fighters should be held to account by the states on whose territories their crimes have been committed. We would offer support to any such prosecution, so far as we were able. I reassure my noble friend that all returnees to this country will be investigated where that is considered appropriate.

Lord Alton of Liverpool (CB): My Lords, in welcoming the role that British officials played in the drafting of Resolution 2379 which, as the noble Earl told us, was passed on 21 September by the Security Council, may I press him on two or three details about that resolution? For instance, concern has been expressed about the absence in the resolution of explicit reference to the 120,000 Christians who were displaced from the plains of Nineveh, and to the Yazidis who were displaced from Sinjar. Will they come within the scope of the inquiry and will those particular displacements feature in it? The resolution also says that Daesh fighters will be prosecuted in Iraq's national courts—but, as Iraqi law contains no provisions on genocide, crimes against humanity or war crimes, how will that be done? Does the investigative team have the necessary capacity to collect evidence that meets the required standards?

Have the Government given proper consideration to whether a specialised regional tribunal, such as that used in Cambodia, would be a better way of dealing with this, rather than going to a national court that clearly does not have the capacity, the powers or the proper jurisdiction? Given that a veto might well have been used against a referral to the International Criminal Court, would a regional tribunal not have been a better way to go about it?

Earl Howe: My Lords, I will take advice on the noble Lord's very constructive suggestion. I do not know the answer to his question but I will ensure that he gets one. Clearly, we want to see mechanisms that are fit for purpose in this context. We are all aware that there have been horrific cases of attacks on religious communities by Daesh. We are working with the Iraqi Government, the United Nations and the international community to support the protection of the rights of all minorities. That includes making sure that those who are responsible for these atrocities are brought to justice. We prioritise reaching the most vulnerable people across the region, including Christians, of course, and others who have suffered from such violence. I have already mentioned children, in particular, in that context.

It is probably right for me to leave it there. My understanding is that the United Nations Security Council is confident that the structures it has set up will deliver the necessary degree of justice and accountability —but I think the noble Lord is owed further and better particulars on that front.

Lord West of Spithead (Lab): My Lords, I have a couple of very short questions. Does the Minister believe that we can identify all the returning fighters from Syria? There has been quite a lot recently about work done by Special Forces on iris recognition, and so on, which has not been accepted by the UK Border Agency. I would like confirmation that the Minister is

sure that we will actually be able to identify these possibly highly dangerous people coming back from the country.

Secondly, a senior Royal Air Force officer has said that our fast jets will be returning back home now, and did not really go into ISTAR and drones. Again, will the Minister confirm that we will not move any of our military assets until we are sure that we have defeated them on the ground—in other words, destroyed the caliphate? I know that the whole issue of terrorism is different, but can he confirm that we will not start moving assets until we are sure we have done the work that is needed there?

Earl Howe: I can give the noble Lord that assurance. Clearly, we do not want to move assets back when it may turn out that they are needed in theatre again. I am not aware of what decisions are being taken on that front, but we are clear that we do not want to wreck our chances of playing the part we want to play in the coalition.

As for identifying returnees, I asked my officials that very question before this debate and am assured that mechanisms are in place to identify returnees at the border, even if iris recognition is not in place. The names of those on the wanted list are very clear and have been distributed, and I am advised that the mechanisms are secure in that respect.

Lord Hannay of Chiswick (CB): Will the Minister perhaps cast some light on a point that was not covered in the Statement—the situation on the border between Turkey and Syria, where there are substantial Kurdish forces? He spoke about the Kurdish situation in the part of Iraq ruled by the regional Government, but not the tensions that exist between the Kurds in Syria and Turkey. There is a real risk that the coalition, which has so successfully dealt with Daesh thus far, will now start fighting among themselves. Could he confirm, too, that the evidence of the UN inquiry that the Assad regime still has chemical weapons means that that regime is in contravention of the chemical weapons convention, which it was persuaded to sign four years ago, and that, in any peace settlement, the chemical weapons convention organisation will need to have complete access to all sites in Syria and to be able to ensure that never again are chemical weapons kept, stored or used there?

Earl Howe: I can tell the noble Lord that Syria is certainly in breach of the chemical weapons convention, which it is a party to. I am aware that those charged with investigating the manufacture and use of chemical weapons in Syria are seeking access to the relevant sites, and no doubt news on that score will emerge as the days pass. As regards clashes between Iraqi security forces and the Kurdish Peshmerga, we are aware of reports of violence between those forces. However, we very much welcome the discussions brokered by the global coalition to co-ordinate security arrangements between the parties so as to avoid violence, and we have called upon all parties to continue to de-escalate the situation and refrain from provocative statements which could lead to conflict. It is critical that all parties quickly refocus on our shared priority: the fight against Daesh, preventing its re-emergence and working together to rebuild liberated towns and villages, and lives.

Lord Hylton (CB): My Lords, in Syria will the Government seek to use the Euphrates river as a boundary between Assad's forces and the YPG and others? I suggest that such a separation of forces would save lives and prevent unnecessary clashes. Does the noble Earl agree that some minimal level of British representation in Damascus would facilitate the separation of forces and any transition in Syria? I think the same would also be true of protecting civilian life in the provinces of Idlib and Afrin.

Earl Howe: I am grateful to the noble Lord. He will of course know that we do not have personnel on the ground in Syria any more than we have diplomatic representation. Our position is clear: we rely on the United Nations to secure the necessary agreement across the piece, not just in the political process in Geneva but in influencing the parties in Syria to minimise further loss of life and further suffering. The noble Lord's suggestion regarding the Euphrates river may well be useful in that context, and I will see what I can do to feed it through to the appropriate quarter.

Baroness Symons of Vernham Dean (Lab): My Lords, the noble Earl has been kind enough to say that he will take back to the Foreign Secretary the remarks of my noble friend Lord Reid concerning the case of Mrs Nazanin Ratcliffe. However, the Foreign Secretary says in this Statement that he is concerned at the suggestion that his remarks "had some bearing" on Mrs Ratcliffe's case. I put it to the Minister that of course they had some bearing on her case because he specifically mentioned her. That is the whole point. It is not that there was just an interpretation; he drew very specific attention to her. To pass it over by saying that somehow, it has been interpreted as having some bearing is—if I may say so to the noble Earl, for whom I have the greatest respect—verging on the disingenuous.

It is perfectly clear that the Foreign Secretary must write to the Select Committee with an apology for mis-speaking. It is the very least he can do following what he said and what has happened, and I hope he will do so with the full support of this whole House. He accepts that his remarks could have been made clearer, but he makes no apology for the fact that they should and could have been made clearer. I hope that any letter he sends to the Select Committee will not only contain an apology, but make it completely clear that he was wrong in what he said. Even the Foreign Secretary—important as he is and highly as he is regarded by many people—will have to face the consequences of what he said.

Earl Howe: My Lords, just as I undertook to feed through the remarks of the noble Lord, Lord Reid, I shall certainly do the same with those of the noble Baroness.

Israel: DfID Secretary of State Meetings

Statement

5.50 pm

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, with the permission of the House, I will repeat in the form of a Statement the Answer given by my right honourable friend Alistair Burt to an Urgent Question in another place earlier this afternoon. The Statement is as follows:

"Mr Speaker, may I start by explaining that the Secretary of State is on a prearranged government visit to Africa to focus on how we are breaking down barriers to trade, helping African countries achieve their development ambitions, reducing dependence on aid and helping build Britain's trading partners of the future?

I welcome this opportunity to update the House on the Secretary of State's trip to Israel earlier this year. The Secretary of State made a public statement yesterday. In it, she explained that she had the opportunity to meet a number of people and organisations in Israel. A list of whom she met and what they covered was published yesterday as part of the statement. The Secretary of State realises in hindsight that these meetings were not arranged following the usual procedures, and she has apologised for that. The Foreign Office has said that UK interests were not damaged or affected by the meetings on this visit.

I hope that honourable Members will therefore agree that, now she has made that apology and published details of the meetings, we should accept that and refocus on our vital work of tackling extreme poverty and humanitarian crises across the world".

5.52 pm

Lord Collins of Highbury (Lab): My Lords, this is fundamentally about transparency and accountability. The Foreign and Commonwealth Office only became aware of this visit a full day after it had taken place. Numerous meetings had taken place without the FCO being aware. More importantly, no officials from even her own department were aware or present. It appears that the only person who may have been present was a Member of your Lordships' House. I think that requires proper investigation and a proper declaration of interest.

The noble Lord said that an apology had been made and accepted and that that was the end of the matter. I do not accept that. I hope he will agree that it would be extremely valuable if this matter were formally referred to the Cabinet Office for an investigation, so that lessons can be learned by all concerned. It is not good enough simply to apologise and say that the matter is at an end.

Lord Bates: On that point, the Secretary of State made clear the meetings that occurred. In her statement yesterday she said:

"In hindsight, I can see how my enthusiasm to engage in this way could be misread, and how meetings were set up and reported in a way which did not accord with the usual procedures. I am sorry for this and I apologise for it".

But we need to recognise that the Secretary of State was having meetings in a country that is a major ally, a democracy, a major trading partner and a friend. During part of her trip—this was listed in the meetings that she set out in her statement yesterday—she visited a number of NGOs, including Save a Child's Heart, which works with Palestinian and Israeli children, and Wheelchairs of Hope. One can see that the Secretary of State was, in her enthusiasm, as she says, carrying out her work passionately even during her vacation. That said, she recognises that the usual procedures were not followed in the way that they should have been. She has learned a lesson from it and the Prime Minister has accepted her apology. That is why we are moving on.

Baroness Sheehan (LD): My Lords, the Secretary of State for DfID has repeatedly admonished her department for not being sufficiently transparent in making sure that every single penny of UK taxpayers' aid money gives value for money, yet she herself goes rogue. She meets with the Israeli Prime Minister. Regardless of what the Minister says, it is a very sensitive region indeed—particularly in this year, the centenary of the Balfour Declaration. Nevertheless, she meets the Israeli Prime Minister, in secret, without her officials, without the prior knowledge of the Foreign Office and without the prior knowledge even of Prime Minister Theresa May herself. Furthermore, on her return to the UK, she attempts to influence government policy by asking that UK taxpayer money be handed over to the Israeli army for aid work in the illegally annexed Golan Heights. Does the Minister agree that she has comprehensively broken the Ministerial Code, forfeited the respect of colleagues and officials and should, in all decency, go?

Lord Bates: I do not accept that. Indeed, Section 8.14 of the Ministerial Code states:

"Ministers meet many people and organisations and consider a wide range of views as part of the formulation of Government policy".

It does not make a specific point on that. That is why the Prime Minister has responded today to say that we need some clarification. It is important that people see that these meetings are occurring, and that that is important.

The Israeli Defense Forces' Operation Good Neighbor in the Golan Heights provides emergency medical support to Syrians crossing the border. It has received widespread humanitarian recognition for what it is doing, and that was something that was explored. But our policy is that, because it is part of the Occupied Palestinian Territories, we would not support such a programme because we do not believe that the Israeli Defense Forces should be there. Therefore, the answer was no to that.

Lord Cope of Berkeley (Con): My Lords, can my noble friend tell the House whether the Secretary of State took the opportunity while she was there to visit any part of the Occupied Palestinian Territories? In particular, did she go to the DfID office in occupied East Jerusalem? It is in a part of East Jerusalem where there is a good deal of illegal Israeli settlement activity, which she could have observed. Of course, both there, in Gaza and elsewhere, DfID has very important programmes which she should have investigated. If she did not visit on this occasion, will he do his best to urge her to make an early visit?

Lord Bates: All I can say to my noble friend is that, in the list of 16 meetings that were published as part of the statement, no specific location was given that appeared to be in the Occupied Palestinian Territories. But it could well be—we need to check this out—that one of the charities that she visited, Save A Child's Heart, could have been located there. The wider point that my noble friend makes about the importance of DfID's work in the Occupied Palestinian Territories, working with UNRWA and others in that area, is very important. We are spending £68 million this year in

that area and it is providing important humanitarian relief. I will relay his points about the importance of visiting and viewing those places to the Secretary of State.

Lord Hannay of Chiswick (CB): My Lords, will the Minister clarify one point about his Secretary of State's activities during her busman's holiday? Will he say whether, having held all these meetings, including one with the Israeli Prime Minister, she recorded what passed and circulated the records to all the departments that have responsibility for relations with Israel? If he is unable to give a positive answer to that, could he take the issue way and ask her to rack her brain and write a few records?

Lord Bates: These were private meetings that took place.

Noble Lords: Oh!

Lord Bates: Just a minute—I was making that point. To answer the specific point made by the noble Lord, Lord Hannay, on who is responsible, the Secretary of State provided detail in her statement yesterday of what was discussed in the meeting with Prime Minister Benjamin Netanyahu: the Secretary of State's family background, her personal journey, the Israeli domestic political scene, India, the Prime Minister's forthcoming visit to the UK and prospects for closer collaboration between Israel and the UK on development. Should those discussions have been circulated earlier? That is why the Secretary of State apologised and why the Prime Minister accepted that apology.

Lord Beith (LD): The Ministers of this country are representatives of the Government of this country, whether on holiday or official visits. Clearly, there are principles, are there not, which ought to be clear about the support Ministers should have and the kind of reporting that needs to take place. Are these not principles that apply, whatever country was involved?

Lord Bates: This case has highlighted some ambiguity in the operations in travelling overseas for Ministers. The benefit that will come from this is greater clarity on what those rules and procedures should be. Clearly, we are entering a very important stage in the UK's global relations. We want to make sure we are as joined up as possible, working together as a team and leveraging all our personal contacts around the world for the UK national interest. Lessons will be learned, not least by the Secretary of State.

Lord Robertson of Port Ellen (Lab): We have the Secretary of State for Foreign and Commonwealth Affairs telling a Select Committee of the House something that was not correct, and now we have another Secretary of State—for International Development—telling the press and the world that she had told the Secretary of State for Foreign and Commonwealth Affairs in advance of her visit, then saying that she did not do it. What do you have to do in this Government to get sacked?

Lord Bates: The point the noble Lord raises is one of procedure, in terms of how these meetings take place. The noble Lord was a very senior Cabinet Minister for many years and has held many senior positions; he will know that one of the great benefits he gained from that time is personal contacts and friendships around the world that occasionally, even on unofficial visits, it is possible to have. That is for the good of the country. Therefore, using those contacts is something the Secretary of State has done; she has said that she is sorry for that, that she did not do it in the right way and that in future she, and all other Ministers, will behave differently as the changes to the ministerial code come into play.

Lord Reid of Cardowan (Lab): My Lords, the noble Lord is making—

The Earl of Courtown (Con): My Lords, I apologise to the House, but this is an Urgent Question on which questioning lasts 10 minutes. It is always open to noble Lords to put down debates on any subject in the future.

Yemen

Statement

6.02 pm

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, with the leave of the House, I will repeat an Answer to an Urgent Question on Yemen given by my right honourable friend Alistair Burt in another place earlier this afternoon.

"Yemen is the world's largest humanitarian crisis. Some 21 million people in Yemen are in need of humanitarian assistance. Nearly 10 million are in need of immediate help to support or sustain life. As the third-largest humanitarian donor to Yemen and the second-largest donor to the UN appeal, the UK is already leading the world's response to the crisis in Yemen. Our funding of £155 million this year will provide enough food for 1.8 million people for at least a month, nutrition support for 1.7 million people, and clean water and sanitation for an expected 1.2 million people. As penholder on Yemen at the UN Security Council, the UK was responsible for a presidential statement earlier this year that called on all parties to provide safe, rapid and unhindered access for humanitarian supplies and personnel to all affected governorates in Yemen. We continue to call on all parties to the conflict to respect the statement and take action accordingly.

As the Foreign Secretary set out in his statement of Sunday 5 November, the UK condemns the attempted missile strike on Riyadh last Saturday in the strongest terms. The ongoing ballistic missile attacks by Houthi-Saleh forces against Saudi Arabia threaten regional security and prolong the conflict. This latest attack deliberately targeted a civilian area. We recognise the coalition's concern about illicit flows of weapons to the Houthis, which is a direct contravention of UN Security Council Resolution 2216.

We recognise that following Saturday night's attack, Saudi Arabia needs to take urgent measures to stem the flow of weapons into Yemen. At the same time, it is vital that the country remains open to commercial and humanitarian access. The Saudi-led coalition has confirmed that it will take into account the provision of humanitarian supplies. We are encouraging it to ensure that humanitarian and commercial supplies and access can continue. Our ambassador is actively making this case directly to the Saudi authorities on these points.

[LORD BATES]

There remains a desperate need for a political solution to the Yemen conflict to help end the suffering of the Yemeni people, to counter the destabilising influence and interference there, and to end attacks on neighbouring countries. It is vital this situation does not escalate further. The UK will continue to work towards a political settlement that supports regional stability and calls on all countries in the region to support that goal. We will also continue to support our partners in the region to protect themselves against security threats".

6.05 pm

Lord Collins of Highbury (Lab): My Lords, I welcome the repeat of the Statement. Everyone would agree that the Houthi missile strike was totally unacceptable, but we also now face a blockade affecting hundreds of thousands of people. Some 800,000 people now suffer from cholera in Yemen. It is the biggest humanitarian crisis we face. Does the Minister agree that the blockade is unlawful and that it is some form of collective punishment against innocent people? In these circumstances, will the Government reconsider their position of arms sales to the Saudis until this matter is brought to a peaceful conclusion?

Lord Bates: I thank the noble Lord for his questions. He is right about the situation on the ground in Yemen. It is horrendous. The cholera outbreak he referred to is the worst on record. It is appalling. Nearly 6.8 million people face extreme food shortages. Some 400,000 children aged under five suffer severe acute malnutrition and may die without treatment. This is a man-made catastrophe and it requires a man-made solution.

On working towards a solution, as I said in the Statement, we hold the pen on this at the UN Security Council. There is a quad meeting made up of the US, the UK, the Kingdom of Saudi Arabia and the United Arab Emirates. They met under the chairmanship of my right honourable friend Alistair Burt in New York and a couple of weeks ago in London. We believe that that pursuit of a peaceful settlement is the best solution.

The UK Government take their arms export licensing responsibilities very seriously and operate one of the most robust arms export control regimes in the world. All export licences are assessed on a case-by-case basis against a consolidated EU and national arms export licensing criterion. That said, we recognise that we need a solution. We need talks to recommence between the parties because, as in all conflicts, the parties to the conflict need to be the parties to the peace.

Lord Campbell of Pittenweem (LD): The extent of the crisis is clear from the sentence in the Statement stating that,

"funding of £155 million this year will provide enough food for 1.8 million people for at least a month"—

which on one view makes a necessary contribution perhaps not very great. What other countries are contributing and to what extent are they matching the level of funds that the United Kingdom has provided? Secondly, who is providing the Houthi with ballistic missiles?

Lord Bates: The second question from the noble Lord is slightly easier to answer in terms of the fact that the missiles being fired were Iranian. Clearly, the Kingdom of Saudi Arabia has a right to express concern about that and to seek to stop supplies of those ballistic missiles coming into the region. On the appeal, we know that the UK is either the second or third largest bilateral donor into the region—but, sadly, there is a funding gap of $1 billion from the UN appeal. We will use our position at the UN and in the quad to call on all countries to step up to what is one of the greatest humanitarian crises not just at the moment but in recent history.

Baroness Hayman (CB): My Lords, it is almost exactly a year since the Disasters Emergency Committee —I declare my interest as a trustee—launched its Yemen crisis appeal. That raised £24 million and was aid-matched by £5 million from the Minister's department. UK agencies and their partners have worked unstintingly and reached more than 1 million people, but they have done so against extraordinary operational difficulties and access and security challenges. I wonder whether the Minister can tell me how in the current situation he assesses the safety, the security and the ability to operate of UK agencies, and will pay tribute to the courage and commitment of people doing this humanitarian work on the ground.

Lord Bates: I am happy to do that, and to pay tribute to the work of the Disasters Emergency Committee in raising such an amazing sum from the generosity of the British people in response to this humanitarian crisis. The support that we have been operating on the ground has been provided to UNICEF to address malnutrition. Oxfam, Save the Children, ACTED and CARE are also based there to tackle food insecurity. The Yemeni Humanitarian Pooled Fund is operating there, as is the World Food Programme and the UNHCR. It is worth reminding ourselves of the number of humanitarian workers who have lost their lives in serving their fellow citizens. Yemen is one of the most dangerous places for them to operate in, but people are putting their lives on the line to save their fellow human beings. That should give us some hope if it can be extended to the warring parties.

Lord Alton of Liverpool (CB): My Lords, amid the horrors in the Yemen—or we think of the unfolding and continuing tragedy of the Rohingya being displaced in Burma, or the mass displacement of millions of people in Sudan and various places around the world where extraordinary conflict leads to a vast amount of human suffering—where are international agencies such as the United Nations in trying to broker some kind of peace? The Minister referred earlier to discussions in the Security Council, but what is the Secretary-General doing and what role are we playing there in trying to find long-term solutions to this kind of conflict? Otherwise, all we do is end up firefighting.

Lord Bates: Yes, I am afraid that we are still in the territory of firefighting. These movements place great strain on neighbouring countries. As we have seen in the case of South Sudan, they can also lead to the spreading of conflict. Instability can be seen also in

Syria and elsewhere in the region. The only solution lies in the international institutions and the parties to the conflict coming together with a united resolve to deal with this. I think that we can take some pride in the fact that the British taxpayer, through UK aid, is at the forefront of that international humanitarian effort.

House adjourned at 6.13 pm.