

Vol. 785  
No. 51



Thursday  
16 November 2017

PARLIAMENTARY DEBATES  
(HANSARD)

# HOUSE OF LORDS

## OFFICIAL REPORT

*ORDER OF BUSINESS*

Introductions: Lord Geidt and Lord Hogan-Howe .....	2117
Royal Assent.....	2117
Questions	
Bilateral Trade: Sudan.....	2117
Young Women: Self-Harm.....	2119
Brexit: Data Transfer .....	2121
Permanent Structured Cooperation.....	2125
Business of the House	
<i>Timing of Debates</i> .....	2127
Universal Credit	
<i>Motion to Take Note</i> .....	2127
Working-age Benefits	
<i>Question for Short Debate</i> .....	2173
Older Persons: Human Rights and Care	
<i>Motion to Take Note</i> .....	2187
Independent Complaints and Grievance Policy	
<i>Statement</i> .....	2214
Hormone Pregnancy Tests	
<i>Statement</i> .....	2220
National Health Service (Charges to Overseas Visitors) (Amendment) Regulations 2017	
<i>Motion to Regret</i> .....	2223
<hr/>	
Grand Committee	
Schools .....	GC 35
Farm Support.....	GC 50
HS2: Economic and Environmental Impact.....	GC 65
Brexit: Least Developed Countries.....	GC 82
Arts: Government Support .....	GC 96
<i>Questions for Short Debate</i>	

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/2017-11-16>*

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

<b>Abbreviation</b>	<b>Party/Group</b>
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.

© Parliamentary Copyright House of Lords 2017,  
*this publication may be reproduced under the terms of the Open Parliament licence,  
which is published at [www.parliament.uk/site-information/copyright/](http://www.parliament.uk/site-information/copyright/).*

# House of Lords

Thursday 16 November 2017

11 am

Prayers—read by the Lord Bishop of Ely.

## Introduction: Lord Geidt

11.07 am

*The right honourable Sir Christopher Edward Wollaston MacKenzie Geidt, GCVO, KCB, OBE, having been created Baron Geidt, of Crobeg in the County of Ross and Cromarty, was introduced and took the oath, supported by Lord Mackay of Clashfern and Lord O'Donnell, and signed an undertaking to abide by the Code of Conduct.*

## Introduction: Lord Hogan-Howe

11.18 am

*Sir Bernard Hogan-Howe, Knight, QPM, having been created Baron Hogan-Howe, of Sheffield in the County of South Yorkshire, was introduced and took the oath, supported by Lord Alton of Liverpool and Lord Dholakia, and signed an undertaking to abide by the Code of Conduct.*

## Royal Assent

11.18 am

*The following Acts were given Royal Assent:*

*Finance (No. 2) Act 2017,*

*Air Travel Organisers' Licensing Act 2017,*

*Northern Ireland Budget Act 2017,*

*New Southgate Cemetery Act 2017.*

## Bilateral Trade: Sudan

### Question

11.19 am

Asked by **Lord Sheikh**

To ask Her Majesty's Government what plans they have to promote bilateral trade between the United Kingdom and Sudan.

**Lord Sheikh (Con):** My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I declare that I co-chair the All-Party Parliamentary Group on Sudan.

**The Earl of Courtown (Con):** My Lords, the Department for International Trade has a dedicated presence in east Africa to promote trade and investment, and works with DfID and the FCO to support UK businesses there. We welcome the lifting of US economic sanctions, and are tracking emergent opportunities. However, political and economic factors make Sudan a challenging place to do business. The need for reform is central in our engagement with the Government of Sudan.

**Lord Sheikh:** My Lords, I thank the Minister for that response. In the light of current preparations for Brexit, and given the US revocation of sanctions on

Sudan, I hope that we can now consider Sudan as a valuable potential trade partner. What support are the FCO and the Department for International Trade rendering the UK-Sudan trade and investment forum to be held in London in December? What are the Minister's views about areas which British companies and businesses can look into in order to undertake bilateral trade with Sudan?

**The Earl of Courtown:** My Lords, FCO and DIT officials are in contact with the Sudanese Government and providing relevant support ahead of the event in December. Following the lifting of sanctions, we are monitoring opportunities as they develop across a number of sectors including agriculture, tech, healthcare, infrastructure, energy, mining, manufacturing and oil and gas, while continuing to encourage reform across the whole business environment.

**Baroness Uddin (Non-Aff):** My Lords, Sudanese and women activists have played a central role in the national dialogue of Sudan, and I welcome Sudan's steady efforts towards addressing the many obstacles beset by the prophets of doom. Can the Minister say how Her Majesty's Government will ensure that Sudanese women are a central part of the whole bilateral decision-making process?

**The Earl of Courtown:** My Lords, the noble Baroness makes a very good point. Part of the dialogue between the UK Government and Sudan involves the promotion of employment and rights with women and with children.

**Baroness Cox (CB):** Is the Minister aware that there are reliable reports of a build-up of Government of Sudan military forces in Darfur, Southern Kordofan and Blue Nile, causing great concern at the possibility of renewed military offences? What is the position of Her Majesty's Government with regard to the promotion of trade in the context of renewed offences against civilians and violations of conditions for lifting of sanctions?

**The Earl of Courtown:** My Lords, Her Majesty's Government keep a continual watch on activities in Sudan. Noble Lords will realise that actually carrying out a dialogue with Sudan enables us to make continued representations against human rights abuse.

**Lord Chidgey (LD):** My Lords, Transparency International ranks Sudan as 170th out of 176 countries in its global corruption index. It says that:

"Corruption is present in all sectors and across all branches and all levels of government",

and that patronage and cronyism prevent the growth dividend associated with increased trade from reaching the average Sudanese person. What confidence does the Minister have that the economic growth and prosperity generated by increased bilateral trade will not be lost to a corrupt elite?

**The Earl of Courtown:** My Lords, the noble Lord made some very interesting points. At the fourth round of the strategic dialogue in October, we discussed a range of issues including the peace process, human rights, development, migration, trade and counterterrorism.

[THE EARL OF COURTOWN]

We urge the Government of Sudan to engage in the macroeconomic reforms necessary to ensure that all Sudanese citizens can benefit from the lifting of US economic sanctions.

**Lord Stevenson of Balmacara (Lab):** My Lords, in response to a similar Question in January, the previous Minister mentioned that,

“current conflicts, human rights abuses and business environment remain obstacles to a sizeable increase in interest from British companies”.—[*Official Report*, 23/1/17; col. 423.]

The noble Earl has mentioned all those already today. Can he be a bit more specific and say what actions the Government have taken to deliver better human rights conditions, for instance, and do they include the implementation of the Ruggie principles?

**The Earl of Courtown:** My Lords, Her Majesty’s Government are helping to consider all opportunities for trade. At every opportunity in our conversations with the Sudanese Government, human rights are brought up. One must remember that President al-Bashir is subject to an indictment from the ICC; that must not be far from our minds at any point. The noble Lord mentioned certain principles, and I will write to him on that issue.

**Viscount Waverley (CB):** My Lords, the noble Earl referred to US sanctions in his initial response. To what extent is future UK trade policy going to be beholden to extraterritorial legislation from the United States?

**The Earl of Courtown:** My Lords, we have to promote the right conditions in Sudan for trade to be carried out. When inquiries come to the department from companies wishing to export to Sudan, they are put in contact with the high commission, which outlines the challenges and possibilities in that country.

**Lord Hussain (LD):** My Lords, part of my question has already been answered, but I just want to make sure. Following the lifting of US sanctions on Sudan, which used to be the main obstacle in the way of doing trade and business with Sudan, could any UK laws or regulations be impeding the flow of trade and investment between the two countries?

**The Earl of Courtown:** My Lords, the noble Lord asks how regulations in this country can be made available for finance for exporting to Sudan. There are issues at the moment as far as UKEF is concerned. We are unable to support UK exports to Sudan, as that is against OECD principles due to its unsustainable debt burden. Once Sudan has exited HIPC, UKEF would be able to consider its position in other areas.

## Young Women: Self-Harm Question

11.26 am

Tabled by **Lord Storey**

To ask Her Majesty’s Government what action they propose to take to reduce the number of young women who are self-harming.

**Baroness Walmsley (LD):** My Lords, on behalf of my noble friend Lord Storey, and at his request, I beg leave to ask the Question standing in his name on the Order Paper.

**The Parliamentary Under-Secretary of State, Department of Health (Lord O’Shaughnessy) (Con):** My Lords, in recent years there has been an increase in self-harming among young women. This is a worrying trend that the Government are committed to addressing. That is why we updated the cross-government suicide prevention strategy and expanded its key areas for action to include self-harm. We are also committed to implementing a community-based care pathway for self-harm by 2019 and to making sure that every acute hospital has mental health liaison services in place by 2020-21.

**Baroness Walmsley:** My Lords, I thank the Minister for acknowledging the shocking 68% increase in the number of young girls being admitted to hospital for self-harm over the last decade. Does he agree that school counsellors can be a very valuable resource in helping to tackle this terrible epidemic of emotional distress among young people, because they are non-stigmatising and easily accessible? However, I visited an area yesterday where I was told that all the school counsellors have had to be sacked because the schools cannot afford to pay them. Will the Minister work with the Department for Education to ensure that by the end of this Parliament every secondary state school in this country has a school counsellor, so that we can tackle the welfare requirements of young people as well as their academic requirements?

**Lord O’Shaughnessy:** The noble Baroness is absolutely right to highlight the importance of schools in dealing with this. It is not just a health issue. Indeed it is not just about education either, but involves a cross-government approach. I would be very keen for her to write to me with the specific details of what she is describing—it does not sound like a positive development. Much more positively, more than 1,000 secondary schools have now had mental health first aid training for at least one teacher in the school, and the ambition is to extend that to all secondary schools. She will also know that there will very shortly be a children and young people mental health Green Paper, which I think will have quite ambitious actions for both schools and the health service to support young people with mental health problems.

**Baroness McIntosh of Hudnall (Lab):** My Lords, building on the Question from the noble Baroness, Lady Walmsley, does the noble Lord agree with me that bullying in schools can start very early, well before secondary school, and can give rise to very severe mental health issues among those who are bullied? Does he also agree with me that schools struggle to deal with this issue, partly because they are unclear about how to balance their duties of care to victims and to perpetrators, who often have issues of their own? Can he say in what way he is working with his colleagues in the Department for Education to make sure that primary schools have access to good resources to meet this, including programmes such as Place2Be?

**Lord O'Shaughnessy:** The noble Baroness picks up on a particular interest of mine. She may know that I was involved in setting up three primary schools. It is important to start these lessons early. In the end it comes down to behaviour policies and what is expected from children. Schools with fair and robust behaviour policies do not tend to see bullying. Those which are more lax do. First, it is about making sure that teachers have training and resources and the support they need from the leadership, governors and parents to crack down on it. Bullying now has moved into different domains, particularly online. I think it is very encouraging today—the noble Baroness may have seen it—that His Royal Highness the Duke of Cambridge is launching some actions on cyberbullying. Dealing with bullying is a big part of that and I agree with the noble Baroness about the importance of starting early.

**Lord Farmer (Con):** My Lords, the Government's own research, most notably that commissioned by the DWP from Professor Gordon Harold, conclusively showed a causal link between young people internalising problems, such as self-harm, and conflict and breakdown in their parents' relationships. Will this evidence be acted on in the forthcoming Green Paper on children and young people's mental health?

**Lord O'Shaughnessy:** I know this area is of great interest to my noble friend and he has done very good research on it. He is quite right to highlight the impact that, unfortunately, parental conflict and breakdown has on children. The Department for Work and Pensions, in a cross-government approach, is doing particular work on supporting parents. I also know that the best schools and community health services work to provide that kind of parenting support. There are a number of parenting programmes out there. I assure my noble friend that that evidence takes a proper place in the mental health strategy that we will be publishing for children and young people.

**The Earl of Listowel (CB):** My Lords, I declare my interest as a trustee of the Brent Centre for Young People—a mental health service for adolescents which celebrates its 50th anniversary this year. Does the Minister agree that adolescence is a hugely challenging part of human development and that we put far too much pressure, far too often, on adolescents and interfere with their successful development, with the outcomes described in this Question? Will he look at Lucy Crehan's work *Cleverlands*, an international comparison of the best performing schools, and her criticisms of the British and American systems? She finds that we put far too much pressure on head teachers through Ofsted inspections. It is a punitive, rather than a supportive, act and we should review it to see whether we could be more supportive of head teachers and get a better, supportive atmosphere for children in our schools.

**Lord O'Shaughnessy:** I congratulate the centre the noble Earl works for on its anniversary. He is absolutely right about the pressures of adolescence. Unfortunately, the causes of self-harm are not well understood. One of the hypotheses is that the motivation appears to be stress relief, which is an incredibly disturbing idea.

I am aware of Lucy Crehan's work from my previous work in schools. I do not think you can link school accountability with the kind of pressures we are describing today and how they manifest in self-harm. We want schools to be successful. It is vital that children are well educated. It is also true that that can be done in a number of ways. The best schools, including ones that I have been involved with in the past, practise something called positive education which emphasises not only the academic aspect but also character and well-being. I think that is the approach that we need to follow.

**Lord Brooke of Alverthorpe (Lab):** My Lords, if I may bring the Minister back to his area of responsibility, is he aware of recent research indicating that at primary level, references by doctors to mental health services are least in the deprived areas in the country and those are the areas where the self-harming is rising most of all? Can he tell the House what steps he is taking to halt that and move it in the other direction?

**Lord O'Shaughnessy:** I would be interested to see that evidence. It is not something that I have seen. All I can say is that mental health funding has increased by more than 8% in the last couple of years so there is more money going into it but clearly it is vital that it is properly spread.

## Brexit: Data Transfer Question

11.34 am

Tabled by *Baroness Ludford*

To ask Her Majesty's Government what discussions they have held with the European Commission on an adequacy decision for data transfers between the United Kingdom and the European Union after Brexit.

**Lord Paddick (LD):** My Lords, on behalf of my noble friend Lady Ludford, and at her request, I beg leave to ask the Question standing in her name on the Order Paper.

**The Minister of State, Department for Exiting the European Union (Lord Callanan) (Con):** My Lords, the Government set out their approach to our future data relationship with the EU in our paper published in August. The paper examines the UK's unprecedented point of alignment to the point of exit with the EU's data framework and explores a future EU-UK model for exchanging and protecting personal data, which could build on the existing adequacy model.

**Lord Paddick:** My Lords, in preparation for Brexit, this House is currently engaged in the process of enshrining European law on data protection into UK law—copying and pasting European legal language that is alien to the UK legal system in many cases. So much for taking back control. As the UK is rejecting all European redress systems, how does the UK expect to secure permission to continue exchanging data once we have left the European Union?

**Lord Callanan:** My Lords, the deep and special partnership that we wish to negotiate will provide sufficient stability for businesses, public authorities and individuals, and will enable the UK's Information Commissioner's Office and partner EU regulators to maintain effective regulatory co-operation and dialogue for the benefit of those living and working in the EU.

**Lord Foulkes of Cumnock (Lab):** My Lords, has the Minister seen the disturbing reports in the media today that the Russian Government have been using data transfer through social media to influence the outcome of the EU referendum in favour of the leave side? Does this not now cast doubts on the legitimacy and credibility of that referendum? I understand that it is to be investigated by the Intelligence and Security Committee. Does the Minister not now agree that that referendum can no longer be considered to represent the will of the British people?

**Lord Callanan:** Unsurprisingly, the noble Lord will find that in fact I do not agree with him. He should not necessarily believe everything he reads in the press and the media—particularly those bits for which he is responsible.

**Baroness Hayter of Kentish Town (Lab):** I am sorry to do this, but I had hoped that the Minister was going to make a statement. The last time he was at the Dispatch Box he will recall that I rose to correct something that he had said. I am loath to do this in front of the noble Lord, Lord Pannick, who knows this better than me. The Minister was requested by the noble Viscount, Lord Ridley, to,

“confirm that the judgment of the Supreme Court in the case brought by Gina Miller confirms in precise terms that Article 50 is irreversible”.—[*Official Report*, 13/11/17; col. 1845.]

The Minister said, “I can confirm that”—but it is clearly not the case. Paragraph 26 of the judgment makes it clear that, although the Government asserted as a matter of law and not just of policy that it was irreversible, the Supreme Court judges ruled that they took no view on that. They did not express a view at that point on the legal assertion that the Government made. Will the Minister take this opportunity to clarify from the Dispatch Box the position that, when the Government made the legal claim that it was irrevocable, it was not what the Supreme Court found—it made no view on it?

**Lord Callanan:** My Lords, I am happy to confirm that, as a matter of firm policy, our notification of Article 50 will not be withdrawn. This was the position the Government put forward—

**Noble Lords:** Oh!

**Lord Callanan:** Perhaps noble Lords could wait for the rest of the answer, please. This was the position that the Government put forward in the Supreme Court case. The Supreme Court proceeded on this basis and decided that it was not necessary for it to consider the legal position on this specific point any further. We have laid a letter in the Library of the House to the same effect.

**Lord Forsyth of Drumlean (Con):** My Lords, does my noble friend not agree that it is high time that the Members on the Liberal Democrat Benches and others accepted the decision of the British people and joined Team UK and started arguing for the interests of our country rather than against them?

**Lord Callanan:** As usual, the noble Lord is correct. It would be nice to think that Members opposite would be in favour of getting a good deal on behalf of the UK. I assume that they are all democrats and would therefore want to respect the result of the referendum.

**Lord Pannick (CB):** The Minister said earlier that there will continue to be full co-operation between this country and the EU in relation to data. Can he please explain how that will occur if this country does not follow the judgments of the Court of Justice in Luxembourg on that issue, and if the laws of this country therefore diverge from those of the EU?

**Lord Callanan:** My Lords, we have said that, in exiting the European Union, we will bring to an end the direct jurisdiction of the Court of Justice of the European Union in the UK. This is without prejudice to the final details of the negotiations and the implementation period—but we are very clear on that point.

**Lord Kerr of Kinlochard (CB):** My Lords, I am very grateful to the Minister for correcting the record of what he inadvertently said on Monday when he affirmed that the Supreme Court expressed no view on the question of revocability—on which I have a clear view. Perhaps he might suggest to his noble friend Lord Ridley, who misled him into misleading the House, that it would be appropriate also for him to withdraw his remarks.

**Lord Callanan:** The noble Lord has a widely expressed opinion on Article 50, but I think he will find that 17.4 million of our fellow citizens also had an opinion.

**Lord Cormack (Con):** My Lords, before we get into too tetchy an argument, and further to what my noble friend Lord Forsyth said a few moments ago, would my noble friend acknowledge that to state the facts and to question how we are tackling the European negotiations is not to be unpatriotic?

**Lord Callanan:** I am very happy to agree with my noble friend that of course questioning matters of policy, tabling amendments and debating the important legislation that is going through this House and another place is not unpatriotic. It is a duty of parliamentarians.

**Viscount Waverley (CB):** My Lords, does democracy supersede a bad deal?

**Lord Callanan:** As we are not contemplating getting a bad deal, I do not think that the question applies.

## Permanent Structured Cooperation Question

11.41 am

Asked by **Lord West of Spithead**

To ask Her Majesty's Government what is their assessment of the Permanent Structured Cooperation process agreed by 23 European Union member states on 13 November.

**The Minister of State, Foreign and Commonwealth Office (Lord Ahmad of Wimbledon):** My Lords, as my noble friend Lord Howe affirmed to our EU partners at Monday's Foreign Affairs Council with Defence Ministers, we welcome Permanent Structured Cooperation as a useful tool to support the development of the capabilities that Europe needs for its security, provided it remains complementary to NATO and encourages EU-NATO co-operation. The United Kingdom's approach reflects our continuing commitment to European defence and security and to protecting the interests of UK industry.

**Lord West of Spithead (Lab):** My Lords, I thank the Minister for that Answer. I have to say that it does not really reassure me. Since 1945, the United Kingdom—until recently, when we started decimating our Armed Forces—and the United States have ensured the defence and security of Europe. The security of the continent of Europe is crucial to the United Kingdom. The Permanent Structured Cooperation process, which involves troops, procurement and a whole raft of defence issues is very misguided. There is no doubt whatever that the heirs to Marshal Zhukov in Russia understand hard combat power. They are not impressed by talking shops, headquarters and posturing. The co-operation process is full of all those. Could the Minister ensure that the United Kingdom is fully involved in this process and at the heart of Europe in defence terms, because we cannot let Europe go running off, not achieving anything and not looking after its security? We are good at this and we need to be fully involved.

**Lord Ahmad of Wimbledon:** Let me assure the noble Lord that we continue to partake in discussions about this. I agree with his points about the cornerstone of the alliance and particularly the work of NATO to ensure not just peace and security across Europe but its benefits further afield as well. It is essential that, as the United Kingdom leaves the European Union, whatever partnership its remaining members choose to take forward, opportunities remain for co-operation directly with NATO of which the United Kingdom is an important and pivotal part.

**Lord Wallace of Saltaire (LD):** My Lords, does the Minister recall the position paper published only a couple of months ago on our constructive and useful co-operation with the EU in foreign policy and defence during the last 40 years, which left open the question of how we shall continue it? Does this development not make it more urgent for the Government to spell out how they will do this? Does he not agree that the

Foreign Secretary's response that we welcome it, we wish to co-operate and our relationship will be like that of a flying buttress to a cathedral—a very overused phrase intended to confuse us all—was inadequate?

**Lord Ahmad of Wimbledon:** My right honourable friend the Foreign Secretary was reiterating the importance of our continued relationship with the European Union while we remain a member of it, but also that we want a different but strong partnership with it once we leave. That includes these two important areas of defence and security, which we have just touched on and in which the UK has led the way. We are making our view known that an option should remain within Permanent Structured Cooperation in those areas of defence and security for third countries to join at an appropriate time for whatever projects are perceived to be of mutual importance to both—be it NATO and, say, this new organisation, in whatever shape or form it takes. This would allow the UK to continue to co-operate with European partners after we leave the EU.

**Lord Ricketts (CB):** My Lords, may I endorse what the Minister says about the importance of continuing co-operation with the EU? If this initiative leads to improved European defence capacity, it would be a good thing for this country and we ought to be looking to continue working in European military missions around the world, as we have been doing, where they are in our interests.

**Lord Ahmad of Wimbledon:** I agree with the noble Lord. When we look at the detail of some of the projects—not just in defence and security; it could be, for example, hospitals that have been created through defence interventions in certain parts of the world—it is our view that projects that resonate with the common objectives of the United Kingdom and, importantly, those of NATO should continue to provide the opportunity for continued co-operation after the UK leaves the European Union.

**Lord Tunnicliffe (Lab):** My Lords, given the less than clear commitment of the US to NATO, and given that we, after Brexit, will be looking for a new role in the world, surely that role in defence should be pivotal in Europe. What Europe needs is combat power and, as my noble friend the Admiral has pointed out, this is an area in which we are uniquely able to assist. This is no time to be stepping away from Europe. Why were the Government not more involved in the development of PESCO and do they intend to put more effort into getting closer to Europe so that we may play a proper role in the future?

**Lord Ahmad of Wimbledon:** As has been said numerous times, first and foremost, yes. I refer back to our discussions on the previous Oral Question about where we stand: the UK is leaving the European Union but, as I have said repeatedly from this Dispatch Box, we are not in any way stepping away from our obligations. There will be co-operation, particularly in the areas of defence and security, which are important not just to the remaining members of the European Union but to

[LORD AHMAD OF WIMBLEDON]

the United Kingdom as a member of the European continent and a member of NATO. Co-operation and partnership are key, and we look forward to a renewed but different style of partnership with our European Union partners. We will continue to co-operate in areas of common interest.

**Lord Howell of Guildford (Con):** My Lords, in reference to the previous Question and this one, is it not worth bearing in mind that, in modern warfare, algorithms are as relevant and powerful as armouries? We are now moving into a stage where the very high level of technology, communications, connections and cyberwarfare is just as important as manpower on the ground and hard-power equipment. Can my noble friend assure us that, in all areas of technology relating to cyberwarfare, we will keep extremely close to our neighbours and our allies in NATO, and that this is the most important area of co-operation of all? Without it, we are lost.

**Lord Ahmad of Wimbledon:** My noble friend raises the very important point that the challenges that we face in the modern age are very different from what they were 20 or 30 years ago. I agree with him on the principles that he raises and reassure him that, as we discuss it with our American allies and our European allies, there will remain strong co-operation on ensuring that we work on cyberdefences collaboratively.

## Business of the House

### *Timing of Debates*

11.49 am

Moved by **Baroness Evans of Bowes Park**

That the debate on the Motion in the name of Baroness Hollis of Heigham set down for today shall be limited to three hours and that in the name of Lord Foulkes of Cumnock to two hours.

*Motion agreed.*

## Universal Credit

### *Motion to Take Note*

11.50 am

Moved by **Baroness Hollis of Heigham**

That this House takes note of the impact of Universal Credit on claimants.

**Baroness Hollis of Heigham (Lab):** My Lords, I am sure that we all want—wanted—universal credit to succeed, so in opening this debate I first pay tribute to the noble Lord, Lord Freud, who has heroically sought to build UC. It has been badly battered by HMT, but his architecture is still there. Secondly, I thank our Lords Minister, the noble Baroness, Lady Buscombe, who has been so helpful and approachable. It is a pleasure to work with her.

With so much early good will, why is UC in so much trouble, its effects on so many claimants catastrophic? People newly claiming UC from today on will not get their first payment until after Christmas. How will they cope? The story of UC is now a story of broken promises. During the Second Reading debates of 2011, Mr Duncan Smith and the noble Lord, Lord Freud, in good faith made three core promises to us all.

On 9 March 2011, Mr Duncan Smith said, “work will always and must always be made to pay”.—[*Official Report*, Commons, 9/3/11; col. 921.]

The second promise, by the noble Lord, Lord Freud, was made on 13 September 2011, when he claimed that UC would lift,

“600,000 adults and 350,000 children out of poverty”.—[*Official Report*, 13/9/11; col. 629.]

Thirdly, Mr Duncan Smith said that UC would be, “a regime that is easy to understand”.—[*Official Report*, Commons, 9/3/11; col. 923.]

The noble Lord, Lord Freud, said that a single UC benefit would be simple to claim and access.

Three promises: work would always pay; families would be lifted out of poverty; and a single benefit would ensure a simple structure. UC would, we hoped, be transformational. Three core promises, and every one broken. Why? HMT’s cuts and, to some extent, DWP delivery. The DWP fought Treasury cuts and lost. Now that UC is far meaner in its payments, nastier in its sanctions and harsher in its delivery than tax credits, HMT is suddenly anxious to roll it out ever faster—10 times faster, laying waste to DWP promises and our fellow citizens’ lives.

My examples come mainly from the deeply distressing 650 pages or so of last month’s written evidence to the Work and Pensions Select Committee. One claimant wrote that UC can transform lives,

“that is certainly true, by catapulting the ‘only just managing’ into poverty and debt”.

That is in UCR 0019.

Broken promises: let me count the ways. Promise one was that work would always pay. No. The IFS says that 3 million working families will, on average, be £2,500 a year worse off. The work allowance, which is taper free, before UC withdrawal kicks in, has been cut by up to £2,000 for a lone parent, and for single people, scrapped. A lone parent with one child now has to work 25 hours a week on UC to get the same income as working 16 hours a week under tax credits—60% more hours for the same income. Would we?

Second earners, mostly partnered women, are even worse hit, with no work allowance, so 63p in the pound taper from the first pound, tax and NI, childcare and loss of council tax support can take some 93% of her earnings. Why work when, with travel costs, you can be worse off? Would we?

The self-employed are especially exposed, as are disabled families. One client told the charity, Turn2us, “I will be better off giving up work because with the new UC I will be £200 worse off ... so contemplating unemployment in 2018”. That first promise that work always pays is not for him, nor in future, when UC reaches 7 million people, for many thousands of others, so the DWP uses the whip of unbelievably harsh sanctions to get people into work that for too many



does not pay. The first core promise is therefore broken. The second core promise was that UC would lift 350,000 children out of poverty. Instead, says CPAG, drawing on DWP and IFS stats a fortnight ago, HMT's repeated cuts to UC will send 1 million more children into poverty by 2021, their lives blighted. How in all decency can we defend this even to ourselves? Promise number two is therefore broken.

I come to the third broken promise on smooth delivery. Where to begin? There are missed payments, delayed payments, wrong payments, cases lost or closed, making late appeals impossible, staff unable to handle contributory benefits, claimants lacking acceptable ID, reputable advisers such as CAB unable to act for clients in hospital because they lack explicit consent, staff asking for the wrong information, documents getting lost, keeping incomplete records and giving conflicting advice. Claimants have informed the DWP that they could not attend an appointment as their employer refused them time off. They were sanctioned. They were in hospital: sanctioned. An appointment posted by the DWP to the wrong address: a three-month sanction.

Take IT. Parts of rural Norfolk lack internet access; in any case struggling claimants, especially older or disabled people, cannot afford dial up or smart phones, nor can they always get to jobcentres, 87 of which, unbelievably, are closing just at the time when we should be boosting jobcentre support. What can they do? A claimant had an appointment for 10 am. He notified the DWP that his first local bus arrived at noon: he was sanctioned. One man—reference: UCR 0065—with a traumatic brain injury affecting his memory, was late for his appointment. He was sanctioned and lost several hundred pounds. He self-harmed, and, unable to afford the bus fare to hospital, he closed his wound himself with super glue.

Tribunal judges are scathing. The greatest problem, however, is the six-week or more waiting period, and then monthly payments in arrears—supposed, if I may say so, to moralise some of the most marginal in society into behaving like middle-class salaried professionals resilient with savings. The Government must know the stats: 58% of those on UC are paid weekly or fortnightly, not monthly. Plymouth Community Homes has 14,000 tenants; 75% of its claimants are paid weekly, fortnightly, or have limited hours, so payment delays sink those claimants deeper into the quagmire of debt. In Gateshead, 221 of 231 tenants on UC have arrears over £800; in Halton, 920 of its 1,000 tenants have these arrears. Croydon, Southwark and Tower Hamlets have an average debt for all UC payments of about £1,000. Many, I fear, will never get out of the debt we have constructed for them. Family members, themselves struggling, are trying to support other family members. As one sister said, it is “the poor that are supporting the poorest”.

More than a quarter of claimants are waiting more than six weeks for their initial payment; one in 10 is waiting for more than 10 weeks—without earnings, benefits, or savings. They are pawning their belongings and missing meals. Charity workers are finding fivers out of their own pockets to put the meter back on for some lighting and heating. All these people are facing Christmas.

Half of new UC claimants now claim advance payments, which is surely evidence that the six-week model was flawed from its very beginning. But, unlike the low cap in tax credits debt recovery, for the next six months DWP takes up to 40%—often far more with other debts—from your UC standard allowance for advance payments, council tax and utilities arrears. Each month, your personal, private debt rises to cover the shortfall from your public debt, as handled by DWP.

The second largest delivery issue is that UC is not paid directly to landlords on request. Some 79% of UC claimants are in rent arrears. Some have already been evicted by social landlords. In Northern Ireland and Scotland, at tenants' request, UC can be paid fortnightly rather than monthly in arrears and the housing element paid directly to the landlord. If it can be done in Scotland and in Northern Ireland, why not in England?

DWP is extending its trusted partner and landlord portal scheme, but not to the private sector. Private landlords need their rents to finance their mortgages. Some tenants are waiting for 10 or 12 weeks—yet eight weeks of arrears are mandatory grounds for re-possession.

So what changes might, in my view, help to rescue UC? What might begin to redeem those broken promises: that work should always pay; that people would be lifted out of poverty; and that delivery would be simple? Of course, I would like a reinstatement of the cuts, from benefit freeze to second child policy—those are big ticket items. But, in particular, we hope to see a four-week rather than a six-week initial payment period in the Budget.

We want, at tenants' request, fortnightly payments of UC and direct payments of the housing elements to landlords, as in Scotland and Northern Ireland. We should cap and slow down DWP debt recovery to avoid even deeper debt.

We should raise the work allowance; pilot some second earners to see whether their own work allowance would bring them into work. Two-thirds of children in poverty have a working parent. If work really paid, a second earner could lift her children out of poverty—and that must matter, I am sure, to us all.

Here is a proposal from someone who knows how UC works. Most UC problems hit and hurt claimants within the first three or four months. A fortnight's UC grant at the beginning of a UC claim—with no clawback, just a fortnight's grant until first full payment as now—would keep so many families afloat.

This would be a grant that does not need be repaid. But how much would it be? By 2021, it is calculated, total social security cuts and welfare reforms will be “saving” HMT £37 billion per year—86% of that falling on women, of course. A two-week grant, costing between £400 million to £600 million, combined with four weeks until first payment, could indeed transform lives for the better. It could be a grant financed, perhaps, by last year's £680 million underspend on tax credits, as pointed out by the OBR. People are so scared out there. The work and pensions evidence that I have here is completely draining in its wretchedness.

[BARONESS HOLLIS OF HEIGHAM]

Two people are facing Christmas. Donna—UCR 0060—is a lone parent with three children, who has been working zero-hour contracts, on UC, for 18 months. When her hours were cut as a ZHC worker, as little work was available, she tried to get an advance payment but was told—correctly, according to the rules—that it was too late. It was her fault, they said—she should have budgeted better. She says, “I wanted to say, ‘You don’t know my situation. I work, I work, 40 hours a week if I can get it. You don’t know how hard this has been. I’m a person!’”.

Steve, a 55 year-old maintenance engineer, was made redundant in April 2016. After four visits and three months, he got his first payment. The stress and fear led to angina and he was hospitalised, so he missed an interview and was sanctioned for two months. The resulting rent arrears of £1,000 meant that he lost his home. He did everything right. We did everything wrong. We broke our promises—and we broke him with it. What Christmas is there for Donna or Steve? We can and must do better than this. Sir John Major said last month that UC was,

“operationally messy, socially unfair and unforgiving”.

Was he wrong? I beg to move.

**Lord Young of Cookham (Con):** My Lords, this debate is very well subscribed and is taking place within a tight timetable. I urge all noble Lords to stick within the five-minute limit.

12.06 pm

**Lord Farmer (Con):** My Lords, I am grateful to the noble Baroness, Lady Hollis, for giving us the opportunity to discuss this issue, which affects so many lives, both directly and indirectly, in terms of the confidence the general public has in our welfare system. It is vital to stand back and assess what universal credit—UC—is trying to achieve.

If we had not, with our coalition partners, invented and implemented UC, the ineffectiveness of the legacy welfare system would have been a running sore in political debate that would have become a dangerous fault line as we approach Brexit. It would have been far too late to make any meaningful reform, but there would have been urgent calls for it, given the acute labour shortages we would be facing as the number of migrant workers willing to do jobs left vacant by British workers reduced.

Related to this, and before Brexit became an issue, the high unemployment rates that welfare reform has helped us to avoid would have undermined the whole of society. Human dignity is deeply affected by lack of work. For example, while it is a complex picture, Understanding Society data suggests that longer-term unemployment is associated with obesity. This badly affects confidence and employability and thereby further traps someone in a pernicious cycle of poor health and unpromising life chances.

Writing about the legacy benefit system, one of our foremost experts, Nick Timmins, said,

“Like many others, I had come by the mid-to-late 2000s to recognise that it had become horrendously complicated—both in the way it handled the absence of work and in the support it offered once people were in low-paid jobs”.

He notes its incomprehensibility to claimants and administration staff alike, the billions of pounds-worth of unintended error every year, and how it “almost actively encouraged fraud”. Substantial reform was particularly important because moving into low-paid work for those out of it for any length of time felt very risky. It could take weeks to sort out a fresh claim for benefit if the job failed, hence unemployment existing alongside high vacancy rates. He and Professor Roy Sainsbury, an early proponent of a “single working-age benefit”, saw UC as,

“essentially a technocratic change ... an apolitical idea that was not rooted in any ideology at all”.

Thus, my concern is that UC has become unhelpfully politicised—a stick with which to beat the Government regardless of the broad sweep of positive outcomes, and the subject of inaccurate and shameful scaremongering.

For example, during Prime Minister’s Question Time in the other place on 11 October, the Leader of the Opposition claimed that Gloucester City Homes had evicted “one in eight” of their tenants—650 in total—due to UC. However, in actuality eight people, all of whom had significant debt arrears before UC was introduced, were evicted. Richard Graham, Conservative MP for Gloucester, flagged up as a point of order that, “the picture painted by the Leader of the Opposition yesterday was a long way from the true situation”.—[*Official Report*, Commons, 12/10/17; col. 497.]

The impression has also been given that there will be a big bang in UC rollout just before Christmas, when most families already feel nervous about their finances. However, the pace of the test, learn and rectify process is staying steady and the proportion of the forecast claimant population receiving UC will reach 10% by the end of January, as preannounced. On the subject of test and learn, can the Minister inform the House what progress has been made in developing universal support, which will help people with debt and other disadvantages as they become used to the new system?

Finally, there will be a projected £70 billion in savings to the public purse as a result of the shift away from the legacy benefit system, not because of parsimony, but because of people moving into work. Have the Government modelled if and how savings might be improved by lowering taper rates still further than the recent drop from 65% to 63%, albeit at an up-front cost of £1 billion over five years? There would be a similar cost in reducing the taper rates from 63% to 60%. But what would be the likely return to the Exchequer, given that lower taper rates—and of course improved work allowances—increase work incentives?

12.12 pm

**Lord Livermore (Lab):** My Lords, I thank my noble friend Lady Hollis for holding this debate today. She is a consistently powerful voice for those who too often have no voice of their own, and I admire her greatly for it.

During 10 years working in the Treasury, I was privileged to play a small part in the introduction of the tax credit system. The principles underpinning those reforms remain relevant and right: to ensure

work always pays more than welfare, to prioritise support for children, and in so doing to reduce child poverty.

Tax credits boosted the incomes of the poorest families, lifted millions of children out of poverty and helped many, including many lone parents, into work. Originally, universal credit looked to build upon the principles of these reforms. One benefit rather than six should help improve the visibility of rewards for work, boost take-up, and ensure claimants receive the money they are entitled to. Most importantly, the single taper is the embodiment of the “making work pay” goal, which should in theory greatly strengthen work incentives. Such a bold and far-reaching reform would, I think, have appealed to the Treasury I knew and the Chancellor I served. Unfortunately, under this Government a number of serious flaws now put the original aims at risk.

With relatively few working families currently on universal credit, the six-week lack of income is right now the most visible problem. But, in time, the consequences of the very significant cuts made to in-work support since the reforms were first announced will do even greater damage to the lives of the very families universal credit was created to help. The steady accumulation of cuts means universal credit will now be £3 billion a year less generous than the tax credit system it replaces. Some 3.2 million working families will be worse off, with an average loss of £48 a week. Some 600,000 of these will no longer be entitled to any support at all. Families with children will be hardest hit, with lone parents losing an average of £26 a week. Why, then, given the damage they will do, have these cuts been made?

The first reason is the previous Chancellor’s decision not just to reduce the deficit, which was of course a necessity after the financial crisis, but to tighten his fiscal rules still further, aiming to run a surplus. He made this not just an economic priority but an ideological goal, claiming that not doing so would be more than an economic failing: it would be a moral failing. Yet the Government have failed to meet a single one of the fiscal targets, and Britain now faces a third consecutive Parliament of austerity.

The second reason for these cuts is the choices the Government made about how to allocate resources within this fiscal straitjacket. At the same time as the previous Chancellor chose to cut working-age benefits in 2015, the Government also chose to cut £8 billion from inheritance tax. Indeed, since David Cameron introduced what he called “the age of austerity” in 2010, a cumulative total of £78 billion will have been spent by this Government cutting inheritance tax, all the while cutting £3 billion a year from low-income and middle-income families.

The IFS has calculated the distributional impact of changes to tax and benefits since 2015. The entire bottom half of the income distribution will see their incomes fall. The second-poorest decile will lose over £1,600 a year, while the second-richest will gain £400 a year. While the second decile will see an 8% fall in their income, the ninth decile will see a 2% rise. These are quite some choices the Government have made. They are not the inevitable consequences of reducing the

deficit, nor the necessary result of living within our means, but deliberate policy choices reflecting their values: the choice to cut ever deeper into working families’ incomes, not out of economic necessity but ideological determination; the choice to cut £3 billion a year from the very poorest in society, while finding nearly £80 billion for the very richest; and the choice to see not meeting deficit targets as a moral failure, while failing to even measure child poverty targets.

You can see why. By cutting support for working families with children, the introduction of universal credit, far from reducing child poverty, will now increase it by over 1 million to 5.2 million, the highest ever level since records began. With 68% of children in poverty living in working households, universal credit should be tackling the problem of low pay, yet in fact it now does almost nothing to improve financial incentives. Working 25 hours a week will now leave a lone parent only £2 better off than working 16 hours under tax credits. Second earners will now keep only 37% of their pay. A family paying for childcare for two pre-school-age children will now keep only 6p in the pound, an effective marginal tax rate of 94%.

These reforms break the Government’s promise that work would always pay more than benefits, they betray a generation of children, and they expose a Government systematically targeting the poorest in our society while handing billions back to the better-off.

12.17 pm

**Lord Shipley (LD):** My Lords, I thank the noble Baroness, Lady Hollis, for enabling us to have this debate and for her forensic examination of the problems of universal credit. This debate is important for two reasons: first, the evidence is now conclusive that there is a major problem with the rollout of universal credit and, secondly, there is an opportunity for the Chancellor to do something about it in the Budget next week.

The evidence shows that the way universal credit is working is forcing more and more poor people into rent arrears and into greater use of food banks. The Trussell Trust has demonstrated that in those areas where universal credit has been introduced, the use of food banks has increased by nearly one-third compared with just over 10% in those places it has not been introduced. As we get closer to Christmas, those pressures will worsen.

The principles behind universal credit remain important. We need a simplified benefit system, and work should pay. However, the problems that have arisen suggest that the rollout of universal credit should be paused until those problems have been resolved. First, we have to shorten the period that recipients have to wait for their payment. It is unreasonable to make people wait for six weeks, given that they are inevitably people with few resources. Secondly, monthly payments are intended to replicate the world of work, but how many monthly-paid employees would be happy to wait for their money until at least seven days into the next month? Anyway, 10% of all employees are actually paid weekly. Why should universal credit claimants be treated differently from weekly wage earners? Thirdly, around 20% of those entitled to a full payment face delays caused by forms being incorrectly completed.

[LORD SHIPLEY]

Many of these people need help completing forms, and the Government have to do more by building in the availability of personal help to their standard procedures. They should not assume that everyone has the capacity to fill in the forms themselves.

I am grateful to Thirteen Housing Group, which manages nearly 33,000 properties, mostly in Tees Valley, for its advice on universal credit in Hartlepool, where full service went live last December. Its figures on housing debt are disturbing. I remind the noble Lord, Lord Farmer, that the level of debt caused by universal credit is real and not scaremongering. At the end of August this year, the average debt of universal credit recipients who were tenants of Thirteen Housing Group was £722.66, compared to an average debt of £418.92 for all Thirteen Housing Group tenants. As for the numbers of individuals affected by debt caused by universal credit, 1,008 out of 1,229 in Hartlepool—that is 82% of all those in receipt of universal credit—were in debt in August. This compares with 11,524 tenants out of more than 32,000 customers across the whole of the Thirteen Housing Group—that is 36%—who were in debt at that time.

The evidence that the operation of universal credit is causing rising debt and increasing worries to tenants is now clear for all to see. Surely the basic principle should be this: tenants need to receive the right amount of money at the right time to pay their rent and not get into arrears. I hope that the Minister will agree, when she comes to sum up, that the time has come for the Government to make reform of universal credit a priority. I hope very much that the Chancellor will do that next week.

12.22 pm

**Baroness O’Cathain (Con):** My Lords, universal credit is an essential element in the Government’s amazingly successful strategy of getting more people into work or back to work. The latest unemployment statistics are the lowest since 1975; since 2010, more than 3 million more people are working in this country. Sadly, this great advance is decried or forgotten by those who look for every opportunity to belittle the universal credit project. As I said, it is work in progress.

For many years, I saw long lines of unemployed people standing in the rain outside jobcentres, and it should never happen again. How many of us here remember the poster in the winter of discontent prior to the 1979 general election saying, “Labour isn’t working”? Of course, I am as concerned as anyone else in this Chamber that there are glitches in the workings of the system involved. That is nothing to be amazed at, although it is certainly worrying. However, the glitches we have had in the IT systems throughout Parliament and throughout this Government are being tackled. These glitches are being tackled, and they will be overcome. The system is much more transparent than previous benefit systems. I have heard of most encouraging attitudes prevailing among the job coaches in the jobcentres.

We have heard from the noble Baroness, Lady Hollis, that 87 jobcentres are closed or closing. That does not meet the point that more and more jobs are being filled. That is ongoing at the same time as the

jobcentres are closing. Perhaps they are becoming much more efficient, or perhaps they have the answer to the digital works that are going on at the moment. The people in the jobcentres would certainly not like to hear what we have heard already today: they are dedicated and working very hard. They believe, as I believe and as everybody round here should believe, that everybody should have the right to work. It increases people’s self-esteem—the benefits, including fewer mental health problems, are well known—and pride. Pride is supposed to be a mortal sin—I am looking at the right reverend Prelate—but I am sure that it is not. If you have pride in your work and pride in your ability to get a job, it is not a sin at all, I think it is a case of “Hoorah”.

These projects are being tackled and what we really need to know from the Minister is the plan for dealing with all these universal credit glitches. Will it take six months, 12 months, two years? It is a massive task. We have only to listen to all the contributions from the other side to realise how massively complicated and important it is. Nothing is perfect, but let us give people encouragement, not discouragement. Reading *Hansard* would be a real disaster for people who are working their socks off. Let us be fair: every effort is being made to introduce the system without delays. I am sure that there is nobody in the jobcentres, no job coach, who says, “Let us delay this by six months” or eight or 10 months. I just do not believe that British people would be doing that. Every effort is being made to introduce the system without delays, I am sure of that.

The project has a large learning curve for those who are not exactly financially literate. The noble Lord, Lord Shipley, talked about the problems that applicants have with form filling, et cetera. That can cause endless delays. You only had to be in the Moses Room when we were all trying to grapple with the new system on digital skills to realise that even we can have difficulty grasping such an issue. Financial literacy is a problem but it can be overcome. In discussion with a colleague earlier today—I will not mention their name—my attention was drawn to the Bill setting up financial guidance, the Financial Guidance and Claims Bill, which has all-party agreement and will have its Third Reading shortly. The Government have proved that they can restore feelings of self-worth by helping the out of work back into work; let us give them a fair wind.

12.28 pm

**Baroness Drake (Lab):** My Lords, the rollout of universal credit must be rooted in the claimants’ real world of squeezed wages, job insecurity and household incomes under pressure. Evidence consistently identifies people’s low financial resilience and rising indebtedness: 17.3 million working-age adults do not have £100 saved; £200 billion is owed in consumer credit, excluding mortgages; and 4.1 million people have failed to pay domestic bills or meet credit commitments in three or more of the last six months.

The majority of universal credit claimants arrive with pre-existing debt and no financial resilience. As the Secretary of State said: “We are able to make an estimate” of a UC payment “particularly given that it

is likely that a lot of those people seeking advances will not have any alternative income over that first assessment period". Citizens Advice confirms that claimants risk serious debt from delayed payments, that 79% have priority debts such as rent or council tax and that two in five have no money to pay creditors. I say to the noble Lord, Lord Farmer, it is not the concept of universal credit but the compromise on the essential design feature that it will make work pay that is the fundamental concern here.

The accumulation of benefit cuts is a major drag on the living standards of families on low and middle incomes. The Rowntree Foundation predicts that the four-year benefit freeze will increase poverty more than any other policy.

Universal credit was designed to focus on reducing worklessness, which is now at an all-time low. In-work poverty is now the increasing challenge. The wait of six weeks or more from claim to payment is a design flaw baked into the system and can be punitive, however nice the jobcentre staff are. Over 50% of claimants claim an advance because they simply cannot cope with that delay. Its stated purpose—to reflect a world of work where wages are paid monthly in arrears—does not reflect the world of the claimants. As has been said, they are paid weekly or fortnightly. As rollout increases, identified problems just become more pervasive and extensive.

The Government look to mitigate by increasing take-up of advance payments, asserting that such a system is the best way of spreading out their income. In reality, it has limited efficiency. The six weeks is still unmanageable for the majority without incurring debt to the state or a private lender. An advance has to be paid back in six months when claimants also face deductions for debts from council tax, utility bills and rent arrears. For the Government to rely so heavily on advance payments defers the problem and embeds debt as the default for claimants as a matter of public policy. It would be far better if the six-week period were reduced and the benefit freeze reappraised. The Government need to pause the rollout and reassess.

Finally, the Government introduced the two-child limit on the payment of child tax credit and the child element of universal credit to deter people from having more children and to reflect carefully on their readiness to support an additional child. Noble Lords argued that this limit should not apply to kinship carers—who often have their own children—who take on the care of vulnerable children to whom they have not given birth. There are more than 200,000 such children, saving the taxpayer the £40,000 cost of placing each child in foster care. The two-child limit was a non sequitur for kinship carers. The need was not for them to reflect carefully on their readiness to support a vulnerable child; the need was to support their readiness to do so. The noble Lord, Lord Freud, reflected and accepted this, stating:

"I am pleased to announce ... that in recognition of the important role which family and close friends can play in caring long term for children who are unable to live with their parents and could otherwise be at risk of entering the care system, we are in favour of an exemption for children in such circumstances".—*[Official Report, 27/1/16; col. 1295.]*

That concession is, shamefully, not being honoured. It is applied only if kinship carers had their own birth

children before taking on the kinship children. If they take on the care first, then have a birth child, the exemption does not apply. Alyssa Vessey, who was 18 when her mother died suddenly, went to social services and told them she would raise her three young siblings on her own, to protect them from going into care. Four years later she had a partner, and had her own birth child. Alyssa was refused tax credits and a Sure Start maternity grant because she had breached the two-child limit. The DWP is reported as saying that the decision ensured fairness between the claimants and taxpayers. I say that Alyssa saved the taxpayer around £40,000 for each child not going into the care system—£120,000 per annum—plus £25,000 of care proceedings costs, together with the miserable saving of not paying her a maternity grant. A similarly affected pregnant kinship carer was advised by her local office that if she gave up caring for the kinship children, had her baby, then took them back at a later date, she would be eligible for benefits for both her birth child and the cared-for children. On any analysis of public policy, that is not honourable.

12.34 pm

**Baroness Meacher (CB):** My Lords, I, too, thank the noble Baroness, Lady Hollis, for obtaining this very important debate. I recognise that the aim of universal credit was indeed to improve incentives to work and, along with others, I strongly support that objective—if only the policy would deliver it as originally planned. The only tool now left to the Government to drive people into work is the cruel application of sanctions to these incredibly vulnerable people. The huge problem for claimants is that the new system, good though it originally was, is being rolled out in the context of an extraordinary level of cuts to welfare benefits. The net effect of these cuts for disabled people, carers and single parents—the most vulnerable citizens in this country—is quite simply devastating. They face inevitable soaring debts completely outside their control, the risk of homelessness, acute anxiety and distress. These benefit cuts include, as most noble Lords here know, the benefit cap, the bedroom tax, the cut to council tax benefit, the failure to meet the whole of a claimant's rent, the working-age benefits freeze and cuts to work allowances—to name just a few.

Let us focus for a minute on disabled people, who are affected by all the above cuts and more. The Government rightly announced their intention to halve the employment gap between able-bodied and disabled people. Well, sadly, universal credit is destroying this ambition—not the intention of the original designers, no doubt. There will in fact be reduced support for working people with disabilities, particularly for those with children. Many are being shifted from the higher employment support allowance to the lower-level benefit of jobseeker's allowance. Working tax credit includes a disability element worth £54 a week, which is a lot of money for somebody on a very low income. Universal credit reduces that substantially for some of those people and eliminates it altogether for others.

Another devastating cut for disabled people is the severe disability premium, which has been an additional sum added to the employment support allowance for a subset of severely disabled people. This benefit is

[BARONESS MEACHER]

being scrapped under universal credit—a loss to these severely disabled people of £62 per week or £3,200 per year. It is almost difficult to believe these sums. The whole point of these disability additions was to cover the extra costs of working for very severely or severely disabled people, thus enabling them to get to work.

If the Minister would be interested to see the full impact for claimants of the rollout of universal credit, she may be interested in a recently published book by Sam Royston, *Broken Benefits: What's Gone Wrong with Welfare Reform*. It is in the context of these swingeing cuts that the minimum wait of six weeks is utterly devastating for people, and we know from the DWP's own data that 20% of people wait longer than six weeks for their first payment. Some wait for up to 10 weeks. Does the Minister accept that there is an urgent need to expand universal support to help people reduce the waiting period? I would be grateful for an assurance from the Minister on this point.

Another issue which I implore the Minister to look into and rectify—this is absolutely appalling for some people—is that claimants whose most recent employer just happens to make a final payment, maybe of statutory sick pay, a day or so after the claimant's assessment period begins will receive precisely zero in their first so-called “universal credit payment”. They will get nothing at the end of six or even 10 weeks. It is a very specific problem for certain people whose employer just happens to do something that is just devastating for them.

The Government point to advance payments as a solution for claimants, but these payments cover only two weeks' costs and are just another debt which is later deducted from benefit. Claimants are then left with almost nothing to live on week after week and month after month as their rent arrears, council tax, other debts and advance payments are being repaid.

Another problem is that universal credit is paid monthly, as other noble Lords have mentioned, when 58% of these claimants are just not used to that. They have never lived like that. They were paid fortnightly or weekly. Will the Minister please look into the possibility of reversing that system?

Finally, will the Minister think again about the Government's resistance to paying rent direct to landlords? Again, other noble Lords have mentioned this point. It sounds simple, but if you have, for example, learning difficulties, it is incredibly difficult to manage a chunk of money that has got to last for a month and to find your rent at the end of the day.

Before ending, I want to pay tribute to the CAB, the Joseph Rowntree Foundation and others for their helpful briefings. In reality, rising debt, huge levels of stress and parents choosing not to eat in order to try to pay their bills are the result of this government policy. Universal credit and its accompanying cuts are generating a humanitarian crisis that ill befits this very rich country. Along with colleagues on all sides of the House, I hope that the Minister will give an assurance that the universal credit rollout will be halted while some of the worst features are rectified. If not, will the Minister explain how this policy tallies with his commitment to help those who are only just managing?

12.40 pm

**Baroness Armstrong of Hill Top (Lab):** My Lords, I draw the attention of Members to my interests in the register. I also congratulate my colleague and noble friend Lady Hollis on getting this debate. I want to raise two practical problems that I know, from my experience, are already happening with early claimants of universal credit.

First, I echo the points made by my noble friend Lady Drake about the problems arising with the two-child limit and its effect on kinship carers. I hope that the Minister has been well briefed on the debates that we had in this House on the Welfare Reform and Work Bill, when we were told that kinship carers would be exempt from the two-child rule. Unfortunately, the regulations subsequently issued have left a loophole, which my noble friend Lady Drake explained well. A kinship carer is unable to claim child tax credit for any baby to which they give birth if there are already two or more children in the household—even if they are looking after those children because the natural parents are not able to do so. This is not in the spirit of the debates that we had during the passage of the Bill or in the spirit of the speech—the gracious speech, I might say—made by the Minister in conceding on this issue. I hope that this is a mistake and that the Minister will be able to reassure those of us who were active around this issue that the regulations will be corrected to get back to the promise made. Children from the extended family whose natural parents are not able to care for them should not be part of the two-child rule in any circumstances.

I ask the Government to link this to the knowledge that, other than in some boroughs in London, the north-east has the highest proportion of kinship carers in the country, as well as having among the lowest wage rates in the country and the highest number of children in poverty. These things come together and the Government need to pay attention to these people, who really have been left behind.

Secondly, I chair a charity called Changing Lives, which is based in the north-east but also works across Yorkshire, in Merseyside, in other parts of the north-west and in the West Midlands. We work with people with multiple and complex needs—women as well as men. We run the Fulfilling Lives project, funded by the Big Lottery, in Newcastle and Gateshead. It is a long-term project, working with service deliverers on seeking a more holistic response for people with complex needs. Newcastle was nominated as a “test and learn” city for the rollout of universal credit. That means we have been helping some of our clients navigate their way through the new system. For the most vulnerable clients, universal credit is a real problem. In the Fulfilling Lives programme we use a navigator, who works one-to-one with individual service users.

The whole programme is proving exceptionally difficult. Many of the people we are working with are still a long way away from the labour market. As an organisation, Changing Lives has an unrivalled record in getting many of our clients work-fit and into work, but it is often a very long and difficult process. With the most vulnerable, universal credit is, ironically, making it more difficult, not more straightforward, to get them job-ready and into whatever jobs are available.

I do not have time to raise the case studies today, but if the Minister would find it useful, I will send her more details.

In the main charity, we have been innovative both with Housing First and with bringing empty properties back into use for homeless people. We have done more than any other organisation in the country on these programmes. In Newcastle, with full rollout of universal credit, we are now seeing arrears of 23% compared to arrears in the rest of the country, in programmes that we are working with, of only 6%. Every universal credit claimant whom we are working with is in arrears. The level of arrears for the charity from universal credit claimants is £51,620.13 as of yesterday. In Home Life, 22 out of 27 tenancies have arrears of over £1,000. People who fall into arrears generally do not get back out. We as a charity are having to budget for increased arrears as universal credit is rolled out. I simply ask the Minister to reflect on this and to consider the devastating effect on those individuals who are trying to put their lives back together.

**Lord Young of Cookham:** My Lords, the five-minute margin that we had in the bank has already been eroded. I urge noble Lords to try to stick within the five-minute limit.

12.47 pm

**Lord Cormack (Con):** My Lords, I will do my best. I begin by adding my thanks to the noble Baroness, Lady Hollis, for introducing the debate and doing so in a speech that was both powerful and elegant.

It is not just the road to hell that is paved with good intentions. I often thought of that when, as a constituency Member of Parliament, I was besieged by constituents who fell victim to another good idea, the CSA. Any Member of Parliament who remembers that knows it is difficult to get it right. I do not doubt for a moment the good intentions of those who brought in universal credit, but they have not got it right. Last week, I entertained to lunch a godson of mine, who is the vicar of two parishes in a very deprived urban area of Lancashire. We talked about some of his problems. I asked him to give me a few examples for this debate—something specific from the coalface. He has done so. He says:

“To manage the flow of clients, each person is given a day and time to sign on. They are sanctioned”—

we have heard about that already—

“if they don’t sign in, or try to sign in at a different time. In August, the DWP computer went down for about an hour. All the claimants who should have signed on during that period clearly could not do so. Each was sanctioned ... About a year ago, every claimant on one particular day was sent a letter with the wrong signing-in date (the times were correct). All clients arrived at the correct time but one day late. The staff openly admitted the error but ... every person ... was sanctioned ... There are countless cases of people being sanctioned for missing appointments, and probably they received their appointment letter after the date of the appointment. Staff at the Job Centre receive a bonus if they can move people off Universal Credit. The intended method is clearly for them to help clients to move on to gainful employment”—

which is very good, but—

“the staff ... have targets and ... we have evidence of people being sanctioned and/or denied Universal Credit with no apparent reason because ‘They can always appeal afterwards’ ... which can represent months with no money whatsoever. A young lady

moved to a different address. The Job Centre Plus was informed of the move. Initially her post was sent to the new address. ‘Inexplicably’, the young lady was sanctioned”,

because they had been sending things to the old address.

This is a catalogue of human errors but it is also a catalogue of human misery. He told me of another very bad case:

“A man in his mid-forties who suffers from learning difficulties, and mental and physical illnesses, was homeless but still in receipt of benefits (not Universal Credit). He found a private landlord who was willing to offer him a property with no deposit. Upon applying for housing benefit, he was told that he was deemed to be changing his circumstances and had to make a claim for Universal Credit. This took fourteen weeks for processing. The landlord was unwilling to wait that long for rent so the man became homeless again”.

He goes on. This is something we really should not accept in a civilised age. I do not question the integrity or good intentions of any Minister or any worker in any office, but we should remember that old adage, “If it ain’t broke, don’t fix it”. This is broke and it needs fixing and I appeal to the Chancellor next week to set about the task of fixing it.

12.51 pm

**Baroness Andrews (Lab):** My Lords, it is always a pleasure to follow the noble Lord, Lord Cormack, and it is a privilege to take part in this debate. What a tour de force we have had. We would have expected nothing else from my noble friend.

In Wales since April this year, jobcentres in five local authorities have gone into full service. Swansea will follow in December. By 2022, 400,000 households will be on UC, including 13% of the population of Wales. All the problems that we have heard about around the House today have already surfaced in Wales—and quite acutely. Wales remains an exceptionally poor country, despite much effort. The design flaws of universal credit are making life utterly desolate for many people in the post-industrial belt of south-east Wales, the remote rural north and west and in the very poor coastal communities of the north. They are communities that want nothing more than decent work and decent prospects but they want to be sure that work really does pay. They are the communities worst hit by austerity and worst hit now by the failures of universal credit.

When a family in Tredegar or Wrexham finds itself waiting six or seven weeks for money there is nobody they can call on, but the doorstep sharks will be there within seconds. When a young woman in Pembrokeshire tells her Assembly Member how scared she is that she is about to lose 63 pence in every pound once UC is rolled out, it should be clear that this not an incentive to work but a real threat. The CABs in Wales have no doubt that the system is failing. It is driving up debt and despair, as we have heard. There is incorrect information, the sanctions—as we have just heard from the noble Lord—a steady increase in the number of people using food banks and a doubling of food vouchers. I am very grateful to the CABs in Torfaen and Flintshire for this sort of information.

What makes this so tragic and intolerable is that it was avoidable. The Government were warned time and again by their own experts, the Social Security Advisory Committee, and even by the Secondary

[BARONESS ANDREWS]

Legislation Committee of this House, which does not use strong language lightly, that they did not have the evidence to determine full social impact, especially about waiting times, and that they might do great damage. Did they listen? They did not. I really hope that the Minister—for whom we have great respect—will not take refuge in the fact that a proportion of people in the greatest distress are now managing because they have received an advance payment. We are concerned with the many people who are not receiving, and are not likely to receive, advance payments. The consequences for them are cumulative and, indeed, catastrophic.

I hope we will not hear the Minister say that these are rare cases. They are not. They should not come as a surprise. They are the predictable result of a system that has been flawed from the beginning for all the reasons we have heard. The problems come when human error and a systems failure collide. For example, in Flintshire, one of the poorest coastal areas of Wales, the CAB has kept a diary: 76 people came in August—four people a day; 24% needed help with the calculation of benefit and 16% with the housing element. Half already had a long-term health condition or disability. For example, a young woman of 18 with a child, and therefore eligible for UC, tried several times to apply online but her claim was not accepted. When she answered no to the question, “Are you over 18?”, it would not let her continue with her application.

The CAB phoned the helpline and was kept on hold for 40 minutes. Staff were uncertain what to do—flummoxed, in fact—then recommended that she made a special circumstances case in person at the Jobcentre. In the meantime, she has been living on £20.70 a week child benefit to survive. I could not live on that for a day and I doubt that the Minister could.

There is another case of a lady who is disabled and uses a wheelchair. She moved from income support to UC in June. She was previously getting full housing benefit paid directly to her landlord, Flintshire County Council. She is now having real problems getting the housing element paid, has rent arrears and is at risk of eviction. We could multiply these cases all over the country.

We know the prescription, and the Minister has already been told. The CAB has a shortlist of three items: remove the seven waiting days at the start of a claim; allow people to adjust to universal credit by offering everyone a choice of how they would like the benefit to be paid; and ensure that the people who need it get a first payment within two weeks, which they do not pay back. That is straightforward. We know that we have a weak Government and we know they are a discredited Government, but they are not so weak that they cannot address social injustice.

12.56 pm

**The Lord Bishop of Durham:** My Lords, I, too, congratulate the noble Baroness, Lady Hollis, on securing this debate and on her introduction.

Universal credit originally set out to simplify a fragmented, complex system and to reduce poverty through the simple, noble philosophy of making work pay. While it still has the potential to transform this

broken system, its current shape risks undermining these two core objectives for the neediest in the nation and thus failing British families. Almost every week, I receive heart-breaking stories about how the transition to UC is devastating the lives of claimants. What does the five or six-week waiting period, which is often longer, actually look like for a family or single parent with young children?

One young mum visits St Aidan’s church kitchen in Hartlepool with her disabled son. She was moved on to universal credit and waited seven weeks for her money. She told one of my clergy that she took paper napkins from McDonald’s because she was unable to afford toilet paper. Her son’s condition means that he wears nappies, which she was also unable to afford. Can any of us here imagine the stress and indignity of such a situation? Despite now receiving her money, the majority of her payments go towards her rent arrears, so she is still dependent on St Aidan’s for a meal and food each week. Her story is one of many I hear of families and individuals falling down a slippery slope of rent arrears, personal debt, eviction and homelessness.

It is too simplistic, however, to say that UC alone pushes families into debt. In many cases it exacerbates existing personal debt, and makes that debt almost impossible to escape. This is particularly acute in the north-east. In Hartlepool, Gateshead and County Durham, more than 30% of adults are indebted and at least three months behind with their bills, compared to a national average of 18%. This will only intensify as payday loan sharks and doorstep lenders increase their work and their profits.

Advance payments are designed to give financial support through the waiting period. The fact that over half of all claimants on universal credit are now asking for these payments, however, shows a system that is flawed. These payments are loans that must be repaid. Citizens Advice Newcastle reports that one in three of the claimants they meet waits more than six weeks, and one in 10 waits more than 10 weeks, for their first payment, forcing over half of claimants to borrow money. Such arrangements perpetuate a cycle of household debt and dependency—the very thing that UC set out to combat. Something must be done to ensure that during this time claimants can meet the basic costs of rent, childcare and food for their family.

As the noble Baroness, Lady Meacher, mentioned, a specific problem which causes further delays for many new claimants is when they lose their job and receive their final pay in arrears. If this final payment comes in during the assessment period, their first UC payment is reduced accordingly, so they will have to wait another four weeks—at least 10 weeks in total—before getting their full UC entitlement. It is ironic that a system based on paying people in arrears is unable to deal with people being paid their wages or salaries in arrears. Will the Minister say whether and when this problem will be rectified?

By focusing on the short-term impacts of UC, we risk missing the longer-term picture. The decision not to uprate the main elements of UC in line with inflation means that around 400,000 more children will be in poverty, according to estimates by the Joseph Rowntree Foundation.



Had I more time, I would also have discussed the cuts to work allowance and why the taper should be not at 63% but at the original proposed 55%. These cuts are further undermining the most fundamental objective of universal credit: to make work pay.

Finally, I draw your Lordships' attention to another longer-term facet of UC: the two-child limit. I believe that this will not reduce poverty or make work pay but will be responsible for another 200,000 children living in poverty. Larger families stand to lose almost £3,000 annually for each child beyond the first two. The majority affected are working families, many of whom had children before the policy came into being. What kind of message about the rewards of work does this send to British families? I speak both from my own Christian tradition and also on behalf of the Jewish and Muslim communities, who recognise that children are a blessing and not a burden. We hold that the third, fourth or fifth child is no less precious than the first.

Recent IFS projections anticipate that, in the next five years, the north-east will witness the biggest rise in child poverty of all UK regions—from 28.2% to 39.7%. That is a rise of 11.5%, compared with the UK average of 6.8%. A gulf appears to exist between those of us who make policy decisions and those for whom they are designed. I beseech the Minister to listen not necessarily to us but to the claimants and to some of the staff in the jobcentres, who tell us that we are not succeeding with the original intent. Please keep and return to the original intent of UC—to make work pay and reduce poverty—and recognise that its current rollout is not producing the desired results for the most needy in this country.

1.02 pm

**Baroness Howells of St Davids (Lab):** My Lords, I thank my noble friend Lady Hollis. We met in the corridor and, within 10 minutes, I found myself putting my name down to speak—something I had had no intention of doing when I started my journey. When I began to read and to receive information on this subject, I realised that I was living in cloud-cuckoo-land. It was devastating for me, who thought that I cared about people.

So far, we have heard about the impact that universal credit is having both in broad terms and on different and often vulnerable groups. I should like to add a few words about how this policy is affecting claimants from black and ethnic minority backgrounds in particular. They are being told by workers in the social security offices, “You blacks should go out and work like the rest of us”. When you are hungry, you never need to hear words like those—but they were repeated to me on more than one occasion.

Research from the Race Equality Foundation has found that the black and ethnic minority community is likely to be disproportionately impacted by universal credit. The Government's own figures project that 16% of universal credit claimants will be from BME backgrounds. This is a higher proportion than in the population as a whole. It is not because they do not want to work but because they are dealing daily with the myth of white superiority. That there are people in

those offices creating that sort of feeling in people who are desperate should frighten us all. It certainly frightens me.

There are a few reasons why universal credit may have more of a severe impact on BME claimants. First, BME families are more likely to be living in poverty and receiving benefits in the first place, so any delays in universal credit payments will hit their ability to pay harder than most and force them into debt. Having to choose between heating and eating has no place in a country like Britain, which is richer than most.

Secondly, BME claimants have higher rates of digital exclusion, making it harder for them to engage with universal credit in the first place. The language barriers that exist within some BME communities also make it harder for these communities to claim—however good universal credit is—and push them into further hardship.

Lastly, because BME families are usually larger, they will be harder hit by reducing payments and having to wait a very long time to receive them. This reduces the incentive to work and BME children are being pushed into poverty as a result of this programme. Imagine for one moment that you have to decide, “Do I give my children breakfast or do I save it for the evening meal?”. This happens in our wonderful Britain.

There is a need to review many aspects of universal credit—not least due to the disproportionate impact on many British citizens, whatever their colour or status. I hope that the Minister will take note and listen—as I saw her doing earlier to everyone who has had something to say. There is quite a lot that is good about universal credit, but it has to be distributed fairly and quickly. The calls today have all been for dealing with universal credit in a humane way.

1.07 pm

**Lord Shinkwin (Con):** My Lords, I thank the noble Baroness, Lady Hollis of Heigham, for this important opportunity to focus on the sustainability of the welfare system. As a Conservative committed to social justice, I am proud that a Conservative Government have had the courage, vision and political will to introduce universal credit. This is a monumental step change which is putting our welfare system on to a sustainable footing for the future.

I come to this issue as someone who is a benefit claimant. In the past I have claimed incapacity benefit and I claim disability living allowance now to help meet the extra costs of my disability, so I declare a vested interest. Indeed, I depend on a welfare system that is sustainable. I have no vested interest in patronising either disabled or non-disabled claimants of universal credit by implying that somehow it does not really matter whether the welfare system is sustainable. The noble Lord, Lord Livermore, mentioned ideology. I do not subscribe to the ideology that digging ourselves, as a country, ever deeper into debt will somehow not have painful repercussions further down the line, especially for those who most depend on the welfare state and who can therefore least afford for it to be unsustainable.

Reforming the benefits system of the past so that it is fit for purpose for the future is a huge undertaking, as we have already heard. Indeed, how could it not be? What systemic change process does not generate situations

[LORD SHINKWIN]

from which we can learn? We have heard of such situations. That is why I welcome the Government's emphasis on a gradual introduction of universal credit. It is also why I welcome their renewed efforts to make people aware that advances of universal credit are available for those who need it—either within five working days or, if a person is in immediate need, on the same day—and that the rent of people who need extra support with managing their budget can be paid directly to their landlords.

What I cannot welcome is how, in the cut and thrust of Prime Minister's Questions recently, some on the hard left have risked exacerbating vulnerable people's fears. Of course it is entirely legitimate to highlight individual cases, but the scaremongering that we have seen in the other place—for example, the suggestion that the universal credit inquiry line is a premium-rate number, when everyone knows that it never has been—helps no one. I thank the Government for countering the scaremongering by making it a freephone number.

A number of disability organisations contacted me rather late in the day about this debate. Time does not allow me to go into the detail, but would my noble friend the Minister be willing to meet me to discuss some of the points that they have made?

In the meantime, and in conclusion, I do not question any noble Lord's integrity, but there is a fine balance to be struck between highlighting individual cases and misrepresenting universal credit as a whole, as has happened in the other place—as my noble friend Lord Famer highlighted earlier in this important debate. We all know that no one gains if people in real need are frightened off from making a claim when what they need to hear is reassurance that the impact of universal credit is overwhelmingly positive; that it is helping to make the welfare system sustainable for the future, for both the claimant and the taxpayer; that it is being introduced gradually and carefully over the next five years; and that prompt help for those in real difficulty is available.

1.14 pm

**Lord Cashman (Lab):** My Lords, I congratulate my noble friend Lady Hollis on this debate and for opening it so eloquently but, I have to say, I take no pleasure in taking part in it. I wish it was a debate that we did not have to have. I wish that universal credit was working and that it was indeed fit for purpose.

It helps absolutely no one to say that universal credit is being politicised. This is not about party politics; it is about people who are suffering, who are in need and in debt and who need intervention. These people do not have a voice. I wish that I could agree with the right reverend Prelate that the Minister should listen to the claimants, but the claimants are not being heard. The Minister smiles, somewhat surprisingly, when I say that, but if they were being heard, we would not be having this debate now.

The problems are not imagined. It is almost like a parallel universe where the Government reside in one country and the rest of us reside in another. Is what we have heard today imagined? No, it is not, but do not take my word for it—let me use the words of others. I raised the negative consequences of universal credit in

a debate in your Lordships' House on housing and affordability. I was surprised by the range of concerns that I received from organisations prior to this debate: Crisis, the NUS, the LGA, Scope, disability groups and many others including, yesterday, the Residential Landlords Association, which says that it is,

“concerned about the impact that Universal Credit is having on private sector tenants ... Such a situation is not sustainable for either tenants or landlords. Many landlords are becoming concerned about renting to tenants on Universal Credit as a result”.

It calls for the waiting times to apply for and receive universal credit to be addressed swiftly and asks that,

“claimants ... be trusted to make the right decisions for themselves by giving them the ability to choose, where they want to, to have the housing element of UC paid directly to the landlord”.

Crisis is calling for the Government to provide £31 million for help-to-rent projects, which will help to improve the functionality of universal credit. The Joseph Rowntree Foundation says that:

“Universal Credit ... has the potential to dramatically improve the welfare system”,

but then goes on to say that it is calling for three priority actions:

“Reduce the 6-week wait at the beginning of a Universal Credit claim by getting rid of 7 waiting days and giving claimants choice over payment frequency. Enable people to keep more of what they earn under Universal Credit by restoring ... Work Allowances. Lift the freeze on working age benefits so incomes keep up with prices”.

Is that imagined? No, it is not. What about Centrepoint, Homeless Link, Shelter and St Mungo's? They say:

“As four leading homelessness and housing charities, we support the principles behind Universal Credit. Yet we are concerned that Universal Credit in its current form is not working for people who have experienced, or are at risk of, homelessness”.

Yes, it is painful to listen to and perhaps in my delivery it is even more painful for the Minister to hear, but I make no excuses for describing the despair that people are facing day in, day out. It may come as a surprise to some Members that people who are deep in debt or homeless do not sit down and worry about what they read in *Hansard*. It is a million miles away from the lives they have to lead.

These homelessness charities recommend that:

“A money management package, including exemption from the seven day waiting period, should be developed for individuals identified as homeless or at risk of homelessness at the beginning of a Universal Credit claim”.

Their second recommendation is that:

“All individuals identified as homeless should be granted Alternative Payment Arrangements ... as standard, from the beginning of their claim”.

I turn to the casework of my constituency MP, Jim Fitzpatrick—I do not receive such casework. A person was referred for help by the carers' centre but no assistance was given. He returned to the carers' centre, which claimed for him, but he will require long-term support to manage his claim. Another person, with poor literacy and no computer, had three separate visits but lacked support and help. For another working claimant, the payments were varied and wrong for three months before being corrected. One claimant had mental health problems that were not being taken into account by the work coach. And there are many others. These are the cases that we know of—what of

the others who have slipped through the net, have faced eviction and are now homeless on the streets and dispossessed?

It takes courage and leadership to change one's mind. I urge the Government to show such courage and leadership.

1.19 pm

**Lord McKenzie of Luton (Lab):** My Lords, it is a great pleasure to follow my noble friend Lord Cashman. Like everybody else who has spoken, I congratulate my noble friend Lady Hollis on securing this debate and on the typically forensic manner in which she introduced it. Like many people, I have supported the stated aims of universal credit—to simplify the benefit system and to strengthen incentives to work. There were hopes, too, that it would build on a social security safety net leading to lifting 350,000 children and 600,000 adults out of poverty. Its inheritance was that child poverty was at a 13-year low and there was cross-party support for further poverty reduction.

But we are a long way from all that today, and from the confidence of the coalition Government's November 2010 White Paper. One of its paragraphs demonstrates the poor judgment involved in implementing such a major change, and why it has run into so many difficulties. Paragraph 12 of the executive summary states that universal credit,

“would involve an IT development of moderate scale, which the Department for Work and Pensions and its suppliers are confident of handling within budget and timescale”.

So much for confidence, with the programme having to be pushed back several times and a complete reset in 2013. But this has still not avoided the problems faced today, which is why we call for a pause in ramping up the full service rollout, so that some of its problems can be sorted out.

Many of the problems have been well aired this morning, and we have received a plethora of briefings for this debate, which are remarkably consistent. Some of the problems are design issues, some are problems with the administration of UC, and some are made worse by the fact that the changes are being implemented in a period of severe austerity. We heard some of the data from my noble friend Lord Livermore.

It is worth reflecting on the scale of this austerity. Let us remind ourselves that, as the CPAG analysis sets out, cuts to social security during the period of the coalition Government amounted to some £14.5 billion a year. The subsequent squeeze under the Conservative Government added further cuts of £13 billion. The OBR has confirmed that universal credit is now less generous than the tax credit and benefit system it replaces. Rather than reduce child poverty, the cuts will mean 1 million more children in poverty compared with the original design. The cuts will also reduce the rewards from work.

We will doubtless hear from the Minister that these cuts are countered by measures to boost family incomes, such as the increase in the personal allowance, the national living wage and childcare support. However, as the IFS points out, not only are these gains much smaller than the loss in benefits but they do not in general accrue to poorer households. Perhaps the Minister will confirm that.

On matters of design, much attention has rightly been focused on the monthly payment cycle and the initial six-week wait for payment. But there are other issues, perhaps not of such wide application, which have already been aired. Is the Minister aware of the difficulties arising from the late payment of final earnings, which can deny the initial period of a universal credit claim? Does she consider that the treatment of mixed-age couples who are denied pension credit is fair, and if so, why? What justification can she offer for the scrapping of the severe disability premium?

We know that the payment of housing costs through the housing element of universal credit is a significant problem, and the build-up of debt is hurting landlords and tenants alike. It is known that more landlords are joining those who are already reluctant to accommodate tenants on universal credit. The National Housing Federation includes in its representations concerns over mistakes being made by the system, and the lack of information, particularly when transitioning from legacy benefits. We have enough of a housing crisis, without adding to it by procedures which put tenants at risk of eviction and homelessness.

We should acknowledge that the Government have been generous with their time in holding briefings. But there is a total mismatch between what Ministers seem to hear and the furore raging in the country about how universal credit is being applied. It is to be hoped that today's debate will reach those who currently have the power to change this.

1.24 pm

**Lord Low of Dalston (CB):** My Lords, I too congratulate the noble Baroness, Lady Hollis, on securing this debate at such a timely juncture, and on introducing it with her customary authority. Everybody says that universal credit is a good idea in theory. If successfully implemented as originally conceived, it would bring six existing benefits together in a single system and ensure that work always paid. But in practice it has been dogged by nothing but problems. Implementation has been subject to severe delays, and it is now running some five years behind. It has been beset by IT problems, cost overruns and write-offs, and the Treasury has substantially eroded the value of the new benefit by cutting costs, in particular by raising the taper rate—the rate at which earnings are clawed back—from 55p to 65p in the pound; it was only slightly reduced, to 63p, in last year's Autumn Statement. As is plain to see, rollout, and the time people have to wait before payment, is giving rise to major problems.

I want to talk about the impact on disabled people. I suspect I shall be making a good many of the points that the noble Lord, Lord Shinkwin, did not have time to make, so if he has discussions later with the Minister, I wonder whether I might possibly join those discussions.

To begin with, a number of design and implementation faults have caused problems for disabled people in accessing payments. There are concerns that processes and systems are inaccessible. Universal credit is normally claimed online, and Citizens Advice has found that people are struggling with the application process, including difficulties with the online system. The online application process must be made accessible, including the provision of information that is easy to understand.

[LORD LOW OF DALSTON]

Disabled people should also be given the opportunity to make their claim in person and have access to appropriate support.

As for the financial impact, Citizens Advice estimates that 68% of households claiming universal credit will have an adult with a disability or long-term health condition. In her 2012 report *Holes in the Safety Net*, the noble Baroness, Lady Grey-Thompson, found that 450,000 disabled people would be worse off under universal credit. Certain groups would be particularly affected: 100,000 disabled children would lose up to £28 a week, and 230,000 severely disabled people who do not have another adult to assist them could lose between £28 and £58 a week. Up to 116,000 disabled people who work could be at risk of losing £40 a week.

The reality was made clear by a disability activist who wrote to me saying:

“One aspect of the universal credit system which to date no one has mentioned is the fact that when making a new claim for universal credit, severely disabled people lose £78.35 a week. This is due to the fact that two of the three disability premiums that were available under employment and support allowance are no longer available under universal credit. Under ESA there were three disability premiums. A basic disability premium of £32.55 a week is still available, but a severe disability premium, currently £62.45 a week payable to people receiving the mid or high-care component of DLA or PIP, and an enhanced disability premium, currently £15.90 a week payable to those in receipt of the highest rate of care component, are no longer available.”

She cited the case of a disabled man with severe mental health problems who stood to lose £77.75 a week. The stress occasioned by this potential reduction in his income, together with the hassle of the application process, had led him to make two attempts on his life.

The Welfare Reform and Work Act 2016 also saw a £30 a week cut in employment and support allowance for those in the work-related activity group. That was a particularly controversial cut. Despite much urging from the disability community, there is no sign of it being reversed. This cut is mirrored in universal credit by the removal of the limited capability for work component, also worth £30 a week. In many cases, this is likely to mean that for those disabled people in low-paid jobs, work will no longer pay, while for those not in work, it will be increasingly difficult to make ends meet.

The Disability Benefits Consortium, which represents 80 disability charities, is urging the Government to halt the rollout of universal credit for any further disabled claimants and urgently engage with disability organisations and disabled people to see how the dire consequences of universal credit for disabled people can be ameliorated. I earnestly beg the Government to heed its call.

1.31 pm

**Lord Beecham (Lab):** My Lords, there is, as exemplified by today's debate, widespread concern about the way universal credit has developed. I shall outline some of the problems that have emerged in Newcastle, as reported by the city council, of which I am a member, and the citizens advice bureaux.

The system has been implemented locally in stages since May 2016 and the process will be complete by May 2019. There are now in Newcastle 10,826 people

on universal credit, and by 2022 working-age benefits will be cut by £123 million. Already there have been serious problems. The controversial six-week wait—this has been referred to many times today—before the first payment is made has led the council to make 327 crisis support scheme awards, totalling just over £29,000, to people awaiting payment or receiving an incorrect amount. As if that was not bad enough, the DWP has been found to be deducting fines from payments, often by as much as 40%, without considering the individual circumstances and hardship that might ensue.

There are also problems around the impact on council tax reduction. Hitherto, housing benefit and council tax reduction were applied for at the same time. Now only those universal credit claimants who indicate an intention to the DWP to claim separately for council tax reduction benefit will have information about their entitlement to universal credit sent to the council. The council has processed 3,723 claims for council tax reduction, which is many fewer than anticipated, and is working with Jobcentre Plus and Your Homes Newcastle to maximise the number of universal credit claimants claiming council tax benefits at the earliest stage. What will the Government do to facilitate this process?

There are particular problems for those residents for whom English is not a first language. Library staff, with the aid of interpreters, have helped over 100 households to obtain their entitlement, but there must be concern about those who have not sought that aid. Currently, Your Homes Newcastle has rent arrears attributable solely to universal credit of nearly £1.4 million.

There are some sad cases among those struggling with the new system. There is the single 25 year-old woman who lost her job, had no income for five weeks and faces eviction from her private rented property. Another woman, suffering from depression and with a baby daughter not yet a year old, was left entirely without income and had to be provided with food and supplies by the council. A 61 year-old man, unable to read or write, was booked into an assisted digital support session at the city library by Jobcentre Plus. The library staff managed to help him through the application, but how is he going to manage his email account in the future?

Newcastle's citizens advice bureau has helped 357 people since July, and, in the last two years, 11.2% of all households on universal credit in the city. It relates some staggering statistics: 30% of the people it has helped had made 10 or more calls to the helpline and 40% were unaware of the possibility of obtaining an advance payment while waiting the six or seven weeks before the first payment was made. Even the likely reduction to a four-week delay is still going to cause problems.

There are problems with free school meals because of delays in proving the universal credit claim is successful until two days before the first payment. Any money paid for dinners before then is not reimbursed, with parents having to have recourse to the food bank.

There are also problems with people being persuaded to move from jobseeker's allowance to universal credit. One man lost £100 a month in housing benefit which

had included a disabled living allowance and the disability and severe disability premium which came with jobseeker's allowance, but not with universal credit.

One woman was transferred to universal credit from jobseeker's allowance where she had a disability and severe disability payment of £728 a month and lost £410 a month, so is left with some £317 a month in total and could lose her home because she cannot keep up her mortgage payments.

Whatever the good intentions, it is apparent that this transformation of welfare provision has been little short of a disaster for far too many people. It is taking much longer than estimated to roll out, leaves too many people struggling to make meagre ends meet and adds to the huge pressure on local councils and advice centres struggling to help those people navigate the uncharted waters of social security reform. It is not so much universal credit as near universal discredit.

1.36 pm

**Lord Fink (Con):** My Lords, I too congratulate the noble Baroness, Lady Hollis, on securing this debate, which provides an opportunity to remind ourselves how universal credit can help its recipients. I echo some of the concerns that have been raised today.

I stress that universal credit has definitely created clear incentives to work by removing the poverty traps at all levels which in the past often made paid work uneconomic. Indeed, the existence of universal credit probably helped mitigate the unemployment rise in the wake of the last recession so that the numbers of unemployed were below all known forecasts. As others have remarked, we should remind ourselves of those years, and of what universal credit is here to replace. Before universal credit, we had a complex system that failed the very people who needed the support and opportunity the most—an incredibly complicated administrative system, which, as my noble friend Lord Farmer said, often trapped people in a cycle of vulnerability, dependency, immobility and poverty.

Since the introduction of universal credit, we have a system where work actually pays at all levels, whether part-time or full-time, compared with not working, and not just financially. I am a passionate believer in the pride and dignity that work provides, how it gives a sense of self-worth and a feeling of belonging, and how even an initially less well-paid job or a part-time job can lead to promotion or help enhance a CV, whereas a long period of unemployment blights it.

Despite hearing many examples today of individual cases where UC has caused real problems, overall since universal credit was brought in, more people are able to get work than under the previous benefit system. We know that universal credit claimants are four percentage points more likely to be in work within six months compared with people on the previous jobseeker's allowance. Like my noble friend Lord Shinkwin, I stress that above all the system must be sustainable.

Figures show that the number of children living in workless households is at the lowest level since records began and unemployment is at the lowest level since 1975,

as my noble friend Lady O'Cathain said. Furthermore, by the end of the rollout, it is estimated that universal credit will boost employment by 250,000. Behind all those statistics are hard-working people making this happen and universal credit supports them in that.

Like others, however, I wish to raise concerns with my noble friend the Minister. I acknowledge that while being paid monthly possibly helps the recipient to prepare for the monthly salary that is most common in work, and becoming more so—I see the logic of that—I am aware that people who receive universal credit are often out of work and have little or no savings to fall back on. Like many noble Lords, I would like my noble friend to explain how the Government currently mitigate the slightly longer time it takes for a claimant to receive universal credit, and whether there are any plans to improve the situation if we see more claimants experience real cash-flow problems. Furthermore, I understand that, at the time they apply, some claimants who find themselves entering universal credit will have existing rent arrears, debts and possibly payday loans. Does the Minister agree that we need to do more on personal financial education in the UK—at all levels, including schools? Are new universal credit claimants with pre-existing debts either referred to Citizens' Advice automatically or given the information they need to get their debts down? Will they get assistance in accessing products that can help them to do this, such as IVAs or other programmes for managing debt?

While it is easy to categorise the unemployment level as a number, I try never to forget that behind every claimant count there is a human being wanting to work—to provide a better life for themselves and possibly their family. There is a human being feeling the frustration of not seeing job vacancies that fit their skills, financial needs or family commitments, and probably enduring endless interviews and the bureaucracy of repeated claims.

After years of tinkering with a failing system with so many layers and complexities, replacing it with universal credit provides the best chance to help that person back into the world of work. Therefore, despite the real issues raised—I hope the Minister can address some of them—I believe it provides the best chance of that person leading a self-fulfilled and purposeful life.

1.41 pm

**Lord Morris of Handsworth (Lab):** My Lords, on the face of it, universal credit seems a good idea. We were told that it would simplify the system; it would make work pay and, as a result, recipients would enjoy higher living standards. Why is it then that an astonishing mass of experts have provided evidence that has led them to urge a temporary halt to the rollout of the system until it can be more effectively and efficiently put in place?

Why, we may ask, was it necessary for the Joseph Rowntree trust to point out that the majority of people experiencing poverty already live in working households? In 2013, claimants in Warrington were among the first to experience universal credit. Their biggest social landlord quickly found that the haphazard payments

[LORD MORRIS OF HANDSWORTH]

system did not fall in with its accounting procedures and processes—92% of its tenants using the new system went into rent arrears.

Some problems—such as the six-week wait for benefit—were known about four years ago. The majority of in-work claimants get paid weekly and those on zero-hours contracts and in other forms of the gig economy have no certainty over when they will be paid. Not surprisingly, few have money in the bank to finance delays. We are entitled to ask, was it the Government, a Minister, or the DWP who thought claimants could wait six weeks or longer before receiving any money? Did they think unfriendly landlords would wait six weeks for their rent?

Who would doubt that the six-week wait was incorporated purely as a saving device? It is known that, from the outset, universal credit has been dogged with problems—processing errors, computers malfunctioning and poor management. The *Guardian* reported irregular payments to claimants, claims being closed without explanation, difficulties in contacting benefit officials, and lengthy waits for errors to be corrected. The CAB found that local jobcentres had no reliable access to the system to sort out problems. Local authority staff brought in to help were unable to reach anyone with responsibility for universal credit, or who had the will or, indeed, the authority to investigate.

Do the Government really think a rollout to the whole country will improve the system, which is unable to cope with existing numbers? It will be like trying to run a marathon backwards. A variety of individuals and organisations predicted, and indeed warned, that the rollout would result in chaos. To date, the evidence shows that what we have is not just chaos but, for many people, social disaster.

The Peabody Trust estimates that the mandatory six-week wait for a first payment will put more than 23,000 low-income families at risk of destitution. The Trussell Trust predicts that in the run-up to Christmas, when the number of food banks in areas of full universal credit will triple, there will be a massive increase in demand for its services. Already, it has seen a 30% average increase in use among universal credit claimants. New analysis by the Child Poverty Action Group and the Institute for Public Policy Research predicts that the cuts to benefits under universal credit will put 1 million children into poverty, while the Institute for Fiscal Studies states that the number of children living in poverty will soar to a record 5.2 million over the next five years—and so the problem increases. Organisation after organisation questions the sense of expanding the system. Shelter warns of a massive increase in homelessness. Last month, Frank Field MP, chair of the House of Commons Work and Pensions Committee, accused the Government of withholding bad news. I do not question their motives—if I had such a bad story to tell, I would keep it to myself.

With the crisis getting worse by the day, common sense demands a pause to sort out the administration and the structural problems of universal credit, otherwise the cost to the next generation will be extreme poverty and futures lost forever. In summary, the verdict across the country on this policy is simple: good intention, poor execution.

1.47 pm

**Lord Kerslake (CB):** My Lords, I declare my interests as chair of Peabody and president of the Local Government Association. My other interests are as listed in the register.

Universal credit stands as an almost perfect example of what the French call “the politics of the stiff neck”—a stubborn, haughty refusal to change one’s mind in the face of all the evidence to the contrary. The consequence of this stubbornness is to cause quite unnecessary misery for a large number of very vulnerable people.

I hope that today’s debate, which I congratulate the noble Baroness, Lady Hollis, on organising, will go some way to persuading the Government to change their minds. There can be few—there are none in this Chamber—who disagree with the aims of universal credit: to simplify the benefits system and make work pay. The key problem lies not in the aims but the execution.

It is a complex project that has to take account of a lot of different individual circumstances. If you are really going to make work pay, there is a cost, which goes against the relentless reduction in welfare spending. No one expected this project to be easy. Indeed, when it ran into trouble during the coalition Government, there were big issues to resolve. They were largely internal problems, however, and the pain, such as it was, was confined to Ministers and officials responsible for that implementation. The crucial difference between then and the current crisis is that the pain now will be felt by thousands of claimants and that number will grow dramatically to some 7 million people as the project is rolled out.

If anybody doubts the malign impact that universal credit in its current form is having, I would refer them to the Smith Institute Report *Safe as Houses: The impact of Universal Credit on Tenants and Their Rent Payment Behaviour*, commissioned by the London Boroughs of Croydon and Southwark, and Peabody. Seven hundred and seventy-five rent payment accounts of tenants starting universal credit in August and October 2016 were analysed and compared with 249 tenants starting on housing benefits at the same time—a control sample. In addition, 36 in-depth interviews and four focus groups were held. The results are absolutely clear cut: growing rent arrears, with high arrears at the start that are never fully recovered; delayed payments and consequential financial hardship; a one-size-fits-all approach that does not take account of the individual circumstances of tenants; and severe impacts on those tenants who are the most vulnerable. The statistics tell a story but the individual cases, as we have heard today, are heart-rending. What is particularly sad is that the feelings claimants now have about universal credit—which was intended to help them—are generally, if not universally, negative.

Claimants really do not want to be in debt. They do not want to rely on friends or, even worse, on loan sharks. Our research at Peabody has calculated that without change, 41,000 children in the UK are at risk of being in penniless homes over this Christmas due to the wait for universal credit. I think Members on all sides of the House will see this as utterly intolerable.

What can be done? Some good practical steps can be taken now: remove the seven-day wait at the start of a new claim; reduce the waiting period to two weeks, as with housing benefit; offer everyone alternative payment arrangements—let the claimant make the decision on whether they want their rent paid direct, not have the state decide what is good for them; inform everyone moving on to universal credit that advance payments arrangements exist; and put in place a comprehensive support package to help with the application process. These measures will not deal with all the deep issues with universal credit at the moment, but they would be an incredibly good start. I add that the Government, if they are serious, should also establish an independent body to review the progress and impact of universal credit at each stage of the rollout. I say to Ministers that these are not big asks; they do not threaten the future of the project. Why on earth do the Government not agree them now?

Good government is not easy. We make mistakes; we learn from them. But to press on with this project without amendment when there is such clear evidence of the distress and hardship it will cause is not just bad government—it is cruel. I look forward to the Minister's response.

**Lord Young of Cookham:** My Lords, the situation is becoming critical. More and more questions are being asked of the Minister but she has less and less time in which to answer them. I urge noble Lords to make sure that their speeches end by the time the clock hits five minutes.

1.53 pm

**Lord Touhig (Lab):** My Lords, I too was stopped in the corridor by my noble friend Lady Hollis, who urged me to take part in this debate. I will not go into any detail about our conversation, but she could teach my noble friend Lord McAvoy—a former Deputy Chief Whip in the other House—a thing or two about effective persuasion.

In July 2012, in a report, *Disability and Universal Credit*, the noble Baroness, Lady Grey-Thompson, wrote:

“No group will be more affected than disabled people”.

She was right. It is estimated that half a million disabled people will be financially worse off through the removal of the disability premiums, as well as cuts in child disability payments affecting 100,000 children. The Government say that support will be provided through personal independence payments and social care from local councils, and that “transitional protection” will be available when disabled people are moved from ESA to universal credit. But cash-strapped local authorities have no obligation to provide this support. Can the Minister confirm that this is the case?

The removal of the severe disability premium and the £30 cuts to the limited capability for work component, as well as cuts to working allowances, will hit disabled people both in and out of work. There have been a number of problems, causing difficulties in accessing the system. I raised this in a series of questions in November 2012. I wanted to know what assistance would be available to people receiving UC if their

payments were wrong as a result of their employer failing to notify HMRC of their pay and tax details. I was told:

“If earnings are not reported ... claimants will be requested to declare their earnings ... through the universal credit interface”.

I asked how the UC interface would operate and was told:

“The UC ... will allow claimants to provide ... details via a self-reporting tool”.

I then asked what a self-reporting tool was and was told that it was the telephone. If it took me three questions to get that answer, what hope does anybody else have who is seeking to access information on how to get into this system? How else will claimants be able to get information? The online application process must be made more accessible, including the provision of easy-to-understand information. Does the Minister agree? Disabled people should be given the opportunity to make claims in person and should have access to appropriate support. Does the Minister agree with that?

The Government have sought to reassure people with the promise of work coaches who be responsible for guiding the claims of disabled people and advising them on returns to work. We are told they will work up the “claimant commitment”, but if people fail to comply they face sanctions. So far the Disability Benefits Consortium has seen no evidence that universal credit processes, systems and work coaches will be able to appropriately assess and support disabled people and those with complex health conditions. Will the Minister agree to look at this urgently?

The Secretary of State for Work and Pensions, Mr David Gauke, said:

“The fundamental purpose of universal credit is to assist people into work”.—[*Official Report*, Commons, 18/10/17; col. 866.]

But if you have a disability you will be among the millions of people without work and with little prospect of work. Despite the Government pledging to get 1 million more disabled people into work, the disability employment gap remains frozen. Just 30% of people with a disability are working compared with 80% of non-disabled people. In the 2015 election manifesto the Conservatives said that,

“we will aim to halve the disability employment gap”.

Was this meant to be by the end of Parliament? Can the Minister enlighten us on that pledge? The Government now appear to be talking of a 10-year strategy. Is that now the policy? We need clarity, because at the current rate of providing opportunities for disabled people to get into work it will take half a century to cut the numbers in half.

I turn briefly to the issue of people with autism. The disability employment gap is wide but the autism employment gap is even wider. The National Autistic Society, of which I am a vice-president, believes that only 16% of people on the autism spectrum are in full-time work. If you add the numbers of autistic people in part-time work, you get an overall autism employment rate of 32%. This is despite 75% of autistic people wanting to work. The National Autistic Society is concerned that work coaches will not have the knowledge or understanding of autism and that they will be unable to recognise the potential impact

[LORD TOUHIG]

they may have on a person's ability to work. The barriers an autistic person faces in finding and keeping jobs are often different from those with other disabilities, and work coaches will need a thorough knowledge and understanding of how their advice can impact upon people with autism. To tackle the autism employment gap, the National Autistic Society wants all work coaches fully trained and the Government to produce an autism-specific employment pathway with end-to-end specialist support. I hope that the Minister will be prepared to look at this.

Universal credit is a good idea. It was meant to help people into work. In fact, it is helping people into poverty.

1.58 pm

**Lord Suri (Con):** My Lords, I thank the noble Baroness, Lady Hollis, who has made sure that this Motion is debated here, for it appears to be one of the most contentious government programmes being rolled out at the moment and a real opposition attack line. I must admit that I am surprised that it is actually being proposed. When my friend the current Member for Chingford presented the initial White Paper in the other place, I thought it would be too difficult for any Government, purely on an administrative level. It is testament to the indefatigability and competence of the current Secretary of State and his predecessors that we are finally moving to a full rollout.

I state at the outset that I am in favour of the principles of universal credit. To simplify benefits into a consolidated payment makes sense on every level. Lower processing costs and greater ease of use create gains for the recipient and the administrator, as well as making it easier for new entrants to avoid paperwork. Some take the general view that monthly payment is wrong because it means that funds can be spent more quickly. Let me be clear: I am a Conservative. I believe in personal responsibility and sound fiscal management. In the workplace, one is expected to manage spending such that it tallies with the inflow of wages. If we have a benefits system that does not prepare people for the workplace, what is the point? It is precisely because the way people are paid requires management skills that we must structure our benefits system to mirror it. We teach our young people what they need to manoeuvre in the modern economy in school, and it makes sense that the various other arms of the British state ought to as well.

I will keep my criticism of the scheme brief, mainly because one of my key concerns has already been addressed. Forcing claimants to pay to call up, especially with the complexities of a new system, was mean-spirited and unfair. I am glad this has been reversed. My other criticism—and I worry—is that the relatively simple cases that the scheme currently deals with can create complacency. Single people with few complications are the easiest cases, so some of the evident success of the scheme could fall away as more people are brought on. Let no illusions be entertained: there will be more bumps in the road ahead.

There is one area I would like the Government to rethink. I was concerned to read about the data collected from Croydon, Hounslow and Southwark in the Work

and Pensions Select Committee report last month. The data indicates that 2,500 tenants in London claiming UC stand at risk of eviction from their homes as a result. I do not think that this is entirely government failure. As the National Federation of ALMOs report made clear, three-quarters of claimants were already struggling. However, we ought to make every exertion to not exacerbate that issue, especially as the taper rate is already being lowered and people are receiving smaller cheques.

I was pleased to read that the Secretary of State was open minded to increasing the share of advance payments to more than 50% of the estimated first UC payment. I would like more flexibility to let that rate be raised or banded for different kinds of claimants. Will my noble friend consider this policy in light of the data that we received last month?

2.02 pm

**Baroness Warwick of Undercliffe (Lab):** My Lords, this is an extraordinarily timely debate in terms of the rollout of universal credit and I congratulate my noble friend Lady Hollis on securing it. Her powerful opening speech was a catalogue of good policies eroded by Treasury pressure, now creating misery for thousands.

I declare an interest as chair of the National Housing Federation representing housing associations. Many thousands of their tenants are eligible for universal credit. I have seen at first hand the awful impact on families and individuals of both the six-week wait and the poor administration of the scheme. The federation I chair has worked with the department to design a portal that enables landlords to see the status of tenants in the system and avoid moving to eviction.

I want to focus on some of the immediate problems that housing associations have encountered. It is clear that the six-week waiting time for the first payment is not working. It is causing unnecessary hardship for low-income families who struggle to make ends meet while waiting for their very first payment. I know that the Government have increased the availability of advance payments, but these are loans that must be paid back. This leaves people with already very limited funds with another financial burden to manage while they try to keep a roof over their head and put food on the table.

The six-week wait is not fundamental to the operation of universal credit. It has been built into the system by government and—yes—by pressure from the Treasury. Reducing this period to two weeks or to a very maximum of four weeks would save even more people from falling into unnecessary financial hardship and building up rent arrears. Will the Minister acknowledge the evidence and deal with this as a matter of urgency?

Then there is the way universal credit is being paid. Claimants are paid on a monthly basis in arrears. The Government argue that this is designed to mirror the world of work, smoothing the transition into paid employment. The Resolution Foundation found that this was not realistic for many of those eligible for universal credit. Many other noble Lords have mentioned this, but 58% of new claimants moving on to universal credit after leaving a job were not paid monthly. They relied on weekly or fortnightly pay cheques. So the move means more juggling of costs, or borrowing



money while they wait for their UC to arrive. We should have learned; the same problems arose when weekly cash payments were changed to monthly bank payments. The response then was phasing and it worked. Will the Minister consider that option before UC is rolled out any further?

I have one final point. As many noble Lords have highlighted, universal credit is a huge change for everyone involved. It should be no surprise that many people need help navigating and managing it. All sorts of problems need to be sorted out. But the department has not allowed implicit consent for sharing information with third parties in UC full service areas—except for MPs. This is a different system from live service and has hamstrung housing associations and agencies such as Citizens Advice as they try to help people manage their claims and sustain their tenancies.

In full service, housing associations now have to seek explicit consent from tenants to allow the Department for Work and Pensions to share more detailed information about a claim. This consent can last for the period of the assessment, or sometimes staff are asked to provide consent each time they contact the DWP on the tenant's behalf. This is just not practical, especially in rural areas where support is often provided remotely. It leads to unnecessary delays in sorting out problems and, in the worst circumstances, can result in associations and tenants incurring legal costs because a problem with a claim cannot be sorted out in time. I urge the Minister to resolve this issue as soon as possible. I urge her to look again now at waiting times, payment cycle and the rules around consent.

There was widespread support for the principle and aims of universal credit. Speakers today on all sides of the House have shown that we do not yet have a system that meets those aims. As the rollout of universal credit speeds up, affecting more and more people, these issues will pose real challenges to the very people universal credit was set up to help. This is one of the biggest welfare changes in a generation. I do not believe that the Government want their legacy to be thousands of families pushed further into debt and hardship.

2.07 pm

**Baroness Stroud (Con):** My Lords, I thank the noble Baroness, Lady Hollis, for bringing this debate to the House at such a timely moment. I am delighted to have the opportunity to contribute on such an important matter. Due to time constraints I will restrict my remarks to the intended impact of universal credit on claimants and how it would be possible to ensure that universal credit was universally positive for claimants.

When the concept of universal credit was created, it was designed to address a welfare system—as we have heard—that disincentivised both work and progression in work, penalising those who worked more or less than, say, 16 hours per week, and that made the transition into work a complicated and illogical step to take. The vision therefore for universal credit was for a system that reversed those dynamics. Fundamentally, universal credit was designed to be a simpler system, combining, as we have heard, six separate benefits into a single payment, paid in arrears to mirror the world

of work—a system that incentivises work and assists people as they move into and progress in work, and that makes work pay. Universal credit is designed to ensure that work is the logical choice.

It is a system that is proven to have a positive impact on claimants as they take and progress in work. Universal credit claimants invest more time looking for jobs—around 50% more than someone on jobseeker's allowance. Universal credit claimants move faster into work. Claimants who are unemployed are 4% more likely to be in work within the first six months of their claim than someone on jobseeker's allowance. Universal credit claimants work more hours, and they earn more. Universal credit claimants work, on average, 12 days more than JSA claimants in the first nine months of their claim.

It was for these reasons and with this vision that many on both sides of this House supported universal credit, and it is for these reasons that universal credit is having a positive impact on the lives of claimants. To repeat, as it is, universal credit is enabling claimants to move into work faster, earn more and progress further. These are the positive impacts of universal credit.

However, major reforms are never undertaken in a vacuum and, as we know, universal credit was introduced at a time of austerity. It was also launched with a “test and learn” approach at its heart and at a pace where it was possible to continually make adjustments to ensure that its original intent was delivered. It is for this reason that, as the Minister keeps her vigilant eye on delivery, I ask that she considers the following matters.

First, the fact that universal credit is paid in arrears is a feature of the legacy system. What is not a feature of the legacy system is the waiting period before someone is eligible to claim universal credit, which has become known as “waiting days”. This is not a design feature of universal credit, and should be separated in concept from it. In terms of claimant experience, I recommend that Her Majesty's Government use each and every Budget to eliminate it completely. I do not think it should just be reduced; I think it should be abolished.

Secondly, I encourage the Government to use this Budget and each spending review to continue investing in the work allowances and taper in the same way as they restored the investment in tax credits, as it is the best way to support those who are just about managing.

Lastly, once these issues are addressed, there is one other item that would benefit the user experience of universal credit. With regard to childcare, if you are on a higher income outside universal credit, you can claim the tax-free childcare offer for as many children as you have. That is not the case for universal credit claimants. An investment of around £50 million could change that.

The Prime Minister has reiterated her commitment to both mental health and skills development, and I hope that this is reflected in a strong and continued commitment to universal support, extended beyond financial and digital inclusion to include family, mental health and skills support. I thank the Minister for ensuring that universal credit can continue to support claimants to earn more, move into work faster and progress in work, and I ask her to ensure that as she

[BARONESS STROUD]

turns her mind towards the Budget—I understand that she cannot say anything now—under her department’s “test and learn” approach the issue of waiting days at least will be addressed.

2.12 pm

**Baroness Donaghy (Lab):** My Lords, universal credit does not fit the needs of the self-employed. It adds to complexity of their lives and acts as a disincentive to genuine self-employment. Because of the gulf between the DWP and HMRC, the self-employed have to cope with different systems, whether cash-based or accrual-based, whether pension contributions can or cannot be offset, and whether reporting is monthly, quarterly or annually. Even within HMRC, you will get a different answer depending on whether it is about tax or tax credit.

The Government have adopted a broad-brush approach and devised a system that discriminates against those doing the right thing. The Government’s concern about so-called hobby traders is skewing the whole system; they would be better dealt with under anti-abuse processes. If someone is designated as gainfully self-employed, they will already have satisfied certain criteria, and it is unlikely that they would be hobby traders. The self-employed are discriminated against if they earn the same as an employed person but have fluctuating earnings. They include farmers and actors, among a whole host of different groups. They can lose up to £2,600 a year because of the clunky system known as the minimum income floor.

The minimum income floor applies only to those designated as gainfully self-employed. They are subject to monthly assessments, which in themselves are an unnecessary burden. In any month in which a self-employed claimant’s profits fall below the minimum income floor, their universal credit award is assessed as if they had profits at least equal to the MIF. The discrimination kicks in when there are fluctuating earnings. If a claimant then feels that their gainfully self-employed status is not worth it because of the loss of significant financial support, they might push for reclassification as not being gainfully self-employed, accepting that work conditionality would apply. This is an unclear area as it is not dealt with in the legislation, although the noble Lord, Lord Freud, said that people had a choice. It is not much of a choice, by the way.

The Low Incomes Tax Reform Group of the Chartered Institute of Taxation has suggested a number of measures that would help to mitigate the worst impacts of the current system, and I am grateful to Robin Williamson, Victoria Todd and Claire Thackaberry for their briefing and excellent report, which was published last month, entitled *Self-employed Claimants of Universal Credit—Lifting the Burdens*. Of course I accept that people should not be allowed to manipulate the system, be it those mentioned in the Paradise papers or universal benefit claimants, and failing small businesses should not be supported by the taxpayer.

Time does not allow me to cover all the suggested changes proposed by the LITRG but I have selected key points. The first is specially trained jobcentre staff so that all new self-employed claimants would have an interview and be given ongoing support. We are not

criticising jobcentre staff; we are saying that they are drowning. Secondly, the start-up period for the gainfully self-employed should be extended to two years so they can establish themselves and demonstrate their viability. Thirdly, claimants with fluctuating incomes or profits should be able to average them over a period greater than one month for universal credit; then, they would not suffer the cosh of the highly complex surplus earnings rules or be penalised by the minimum income floor regulations. Lastly, the calculation of gross profit should follow the HMRC cash accounting rules to align the systems, resulting in fewer errors as well as allowing the DWP to use tax returns to verify universal credit where necessary. There would need to be exceptions, of course, such as farmers, who have to use accruals accounting.

Self-employment has grown under this Government in spite of government policy. The Government now have the choice to treat the self-employed equally and fairly.

2.17 pm

**Lord Kirkwood of Kirkhope (LD):** My Lords, I add my congratulations to the noble Baroness, Lady Hollis. No one has done more in this important field of public policy over the years than she has. At the same time as we are discussing this important subject in the House of Lords, the House of Commons is discussing exactly the same topic. If ever there was any doubt about the importance of the subject, the conjunction of these two debates today should have significance for the Minister.

I will do a deal with the Minister: I will ditch what I was going to say, because I concur with so many of the points that have been made, as they are sensible. In return, if I give her a little more time to reply, I ask her to help me to understand three questions. The first was asked by the noble Baroness, Lady Hollis, who was right about the broken promises. I certainly feel cheated, as does she. She and I spent a lot of time working together in the exceptional Committee stage of the Welfare Reform Act 2012. We have come a long way now. We have come even further from dynamic benefits, which I signed up to; I signed up to test and learn, universal service delivered locally and in-flight corrections.

It was understood that we were going to put in a generous floor that did not just deal with work. The problem in this debate is that colleagues on the Conservative side of the House are pursuing—almost exclusively, if I can put it so pejoratively—the importance of work. That is right, but more than 1 million people who are going to move on to universal credit will never be asked to look for work, and we have to cater for them too.

The noble Baroness, Lady Hollis, and I started back in David Donnison’s day with supplementary benefit. That was a safety net, as the noble Lord, Lord McKenzie, mentioned. He made an important point because what we are missing here is the universal safety net that will need to be applied before people can even contemplate approaching the labour market. If this benefit were called “universal job search”, it would be perfect and I would support it 100%, as long as it were in place with a safety net underneath it.

I have three requests for the Minister. First, it would help me enormously if she could make a commitment—not a pledge or a manifesto commitment—saying that the Government intend, in the fullness of time, when resources allow, to put back some of the things mentioned by the noble Baroness, Lady Stroud, and the noble Lord, Lord Kerslake. If she said that that was the Government's ambition, it would go some way toward dealing with an important broken promise.

Secondly, there really needs to be some practical change. Next week is a key moment. We do Budgets now only once a year, rather than once every six months. Therefore, if we do not get the resources we need—I would sign up to the package proposed by the noble Lord, Lord Kerslake, and I also like the idea of the fortnightly grant, which would get over some of the short-term, immediate problems staring us in the face—the whole thing could be prejudiced. There is a danger that this becomes so toxic that we will not want anything to do with universal credit. This is a very important long-term policy for the country, so next week's Budget is essential. If we miss that, we will not get another shot at this until a year's time, and that will be too late.

Thirdly, I urge the Minister to go back to the Treasury—we understand her position: we are not stupid—and stress that if something serious is not done or some serious intentions are not made clear, we are in danger of risking future collapse in public confidence in this very important policy. That would not be in the interests of anyone: not the United Kingdom, not low-income families and not even those who are comfortable and have found their way early into the labour market. There is a lot at stake here. It has been a very important debate and I hope the Minister gets a chance to respond to it in good time.

2.22 pm

**Baroness Sherlock (Lab):** My Lords, this has indeed been a powerful debate. I am indebted to my noble friend Lady Hollis for opening it with her characteristic combination of passion and mastery of detail. I am also grateful for the contributions of all noble Lords, who, between them, have told the story of universal credit, from the original dream, the plans, the delays and the stumbles, to the reality of the gap between the dream and what now is.

On 13 September 2011, the noble Lord, Lord Freud, stood at that Dispatch Box for the Second Reading of the Welfare Reform Bill. He described universal credit as,

“the most radical reform of the welfare system since its invention”. He told us:

“It will be simple to understand and access”.—[*Official Report*, 13/9/11; cols. 628-9.]

He also assured us that everyone would be on it by 2017.

He described a seamless system that would ease the passage into work, make people better off and ensure that work always paid. He claimed that UC could lift nearly 1 million people out of poverty. Those promises were the basis on which Parliament voted to adopt universal credit, so to ask whether the system meets those promises is not to play politics, it is to judge the Government by the standards that they set for themselves.

If any noble Lord opposite ordered a hire car and were expecting a Rolls-Royce, and what they got was a battered old Morris Minor with a flat tyre and a broken back window, I do not think that they would be very happy if the company said, “You don't really want to go home. If you wanted to drive, you would just get in it and go”. We are merely asking that the Government deliver what they promised, and that is what is not happening.

It does not help to get into a political game of pretending that tax credits were all dreadful and universal credit is all perfect. I worked as a special adviser in the Treasury alongside my noble friend Lord Livermore. We were all trying to do the same thing: to make work pay, to lift people out of poverty and to have a system that works for everybody. Let us try to work together to get this right.

The noble Baroness, Lady Stroud, described what universal credit was meant to do. Of course, in that conception, it was a much more generous system. It had a 55% taper; it had more support; it had full universal support; it was a very different creature. We have to work out what is happening now, but it has been subject to repeated cuts from the Treasury, a point made by many noble Lords, including my noble friend Lord Livermore in a very powerful speech, the right reverend Prelate the Bishop of Durham, the noble Lord, Lord Low, and many others. We have heard many noble Lords demolish the idea that universal credit, as it is now constructed, always makes work pay: it clearly does not, and we need to get to a place where it does. My noble friend Lady Hollis made that very clear.

I am also sorry to say that we do not yet know if it works to help people to move into work, because the only evidence is research done before the work allowances were cut, back in the days when most people on universal credit were young single people, not those with kids or disabilities. We just do not know; the jury is out.

As for supporting people into work, the idea is meant to be that the claimant and their work coach work together to produce a personalised claimant commitment. That was the original vision, but I am hearing too many complaints about the variable quality of work coaches. The Government's own research shows that most claimants feel that they are given a one-size-fits-all demand that does not meet their circumstances.

Although the carrots have been taken away, my worry is that the sticks are still there and the Government will have to lean on them. We have heard concerns about inappropriate sanctions on universal credit claimants, a point also made by the Trussell Trust. The trust also flagged up the problems emerging with in-work conditionality. In this new system, getting a job is not enough: if you do not earn enough money in that job to get off universal credit completely, you can be pushed to get more hours, or a second job, or to ditch your secure job for a better paid job. That is not very easy if you have kids or caring responsibilities. The system has to work before those sticks are wielded at people, and I do not think that they should be wielded that way anyway.

[BARONESS SHERLOCK]

My noble friend Lady Donaghy made a very powerful case about the problems facing self-employed claimants. If the key argument for universal credit is a response to changes in income in real time, how can it be right to penalise self-employed people who are, across a year, earning the amount of money that the Government require, simply because they have good and bad months? That is what happens in business, even if they are not in seasonal work. Why can you get penalised if your profits drop one month because you have to pay the insurance bill? That simply cannot work, and I hope that the Minister will address this point.

Is universal credit working to lift 1 million people out of poverty? Sadly, as many noble Lords have said, it is having precisely the opposite effect. That is not surprising when we see the level of cuts in support that have been given, compared to the previous system. The CPAG shows that a lone parent earning £150 a week from working 18.5 hours would be £2,336 a year worse off than under the 2010 tax credit system. How is that progress? We have heard from the noble Baroness, Lady Meacher, the noble Lord, Lord Low, and my noble friend Lord Beecham about the problems for people with disabilities. The cuts in the severe disability premium and the challenges of using the system were well described by my noble friend Lord Touhig. I am very grateful to my noble friends Lady Armstrong and Lady Drake for highlighting the impact of the two-child policy on some kinship carers, despite the vote in this House to exempt them.

None of this will be offset by the tax cuts that get mentioned every now and again. As we have heard, they do not help the poorest. Even if the personal tax allowance were increased next week, somebody on £80,000 a year would get the whole benefit of that. A single mum working 35 hours a week during term time would not benefit from any of it, because she wouldn't be earning enough.

The IFS used its gold-standard TAXBEN model to look at the impact of all of the fiscal changes that the Government have made. Its projections show that unless changes are made by 2021-22, 37% of our children will be living in relative poverty, the highest percentage since modern records began in 1961. For shame.

Is the system simple and easy to access? I need hardly go there, with all the stories that we have heard today. It clearly is not. I hope very much that the Government will address the long wait. I hope that Ministers will remember that, when the Bill was going through Parliament, noble Lords from all around the House pointed out that this would be a problem. That was in 2011, and I am sorry to say that almost every problem that has happened to universal credit was mentioned back then, during the passage of the Bill. The Government have had years to address this and they have failed to do so, so I hope very much that they are listening, but I am getting a little nervous, because now, in 2017, the problems are still here and are not yet being addressed.

The six-week wait clearly has to be addressed, but that is not a delay, it is a target. It is built into the system, and people simply cannot manage, as my noble friends have pointed out, without being supported

much earlier. I am worried about how the system will affect vulnerable people—a point made by my noble friend Lord Cashman and others. I worry, too, about the implicit consent rule. I am also worried about the need to do this online. An advisor told me about a man suffering from severe depression who cannot leave the house, has no computer or internet skills and cannot manage an online account. The DWP has not helped him at all. His sick notes are now rejected by the jobcentre because he has to enter them online.

It is not working. We have heard descriptions of chaos, failing systems and problems. This has to stop. The problems with housing, mentioned by the noble Lord, Lord Kerslake, my noble friend Lady Warwick and others should be enough to ensure that it does. My noble friend Lady Andrews described the problems in Wales and other parts of the country, as did the right reverend Prelate the Bishop of Durham. I worry that the Government have not realised how serious this is. I do not blame the noble Baroness, Lady Buscombe. She has been gracious to deal with and generous with briefings, but she inherited this mess and she simply has to help her department sort it out. I worry that the Government have been complacent about the scale of the problems, and I have not been encouraged by some of the contributions from those sitting behind the Minister today. Either the Government believe that the problems are not very serious or they have decided that they are collateral damage—a price worth paying. Either of those is mistaken; and the second is, frankly, unacceptable.

It is not too late. This system is in serious trouble. As the noble Lord, Lord Cormack, said in a very powerful and helpful speech, what happens here results in human misery, and we need to address it. I urge the Government to take a deep breath now and stop. As my noble friend Lord Cashman said, leadership is not about ploughing on regardless; it is about stopping, pausing, listening to every word said here today, reading 650 pages of evidence given to the Select Committee and getting the system right before pressing on. That is the very least that this country demands.

2.31 pm

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con):** My Lords, I thank the noble Baroness, Lady Hollis, for introducing this very important debate. It has been an impassioned debate and I welcome the opportunity to respond on behalf of the Government. The Government are undertaking welfare reform on a scale not seen since the introduction of the welfare state more than 70 years ago. Universal credit is essential to this agenda, transforming a benefits system hindered by bureaucracy and welfare dependency into one that places personalised support for claimants at its very heart. This support, tailored to the needs of the individual, is transforming lives across the country. People on universal credit have access to more tools than ever before to help them in their search for work and move into work faster than claimants under the system it replaces.

We know that these reforms represent a significant change for many people and we respect that, but this Government are committed to delivering UC safely and fairly to the best of our ability. At every stage of

the process to date, we have worked to modify our approach with claimants' experiences in mind. This is why we pioneered a system of advance payments for those embarking on a UC claim and why we recently ensured that all calls made to the UC helpline are free to users. We continue to spend more than £95 billion a year on benefits for people of working age, illustrating this Government's commitment to a robust welfare safety net.

When the coalition Government came to power in 2010 it was clear that the benefits system was broken. For too long, and in too many cases, it made more financial sense for people to stay on benefits than to enter employment. A system had developed over the years that limited the hours claimants could work. Inadequate reporting requirements and complex interactions with other benefits all combined to remove incentives for people to take up work. Under UC, 86% of people are actively looking to increase the hours they work, compared with only 38% on jobseeker's allowance. Even more troubling, the benefits system—the legacy system—made assumptions about people with health conditions or disabilities, wrong assumptions in many cases, condemning many to a life of limited or zero horizons. In contrast, UC brings coherence and simplicity to the welfare system. It replaces six benefit systems with one.

People now deal with one organisation only, through an easy-to-use online journal. They can access their UC account via smartphone, tablet or PC, enabling them to interact with the service all day, every day. However, I will say straightaway to the noble Baroness, Lady Sherlock, that they can also have home visits where necessary—that should be a 100% commitment. As I have stressed, the key achievement of this reform is that it puts work back at the centre of everything we do. This means that people claiming UC can see that work always pays. They can see exactly how much money they will receive each month. UC applies a consistent taper rate to earnings above a claimant's work allowance, meaning that people are no longer penalised for taking on more work. Thanks to a data feed from HMRC, the UC payment adjusts automatically to take into account fluctuations in earnings. This removes the burden of paperwork and reporting on claimants that exists in the old system.

From the very start of the programme, we have published findings from pilots, carried out analysis and commissioned research into UC. We continuously measure the impact of UC on claimants through our *Universal Credit at Work* publications, which have acted to highlight the positive effect our reforms are having on individuals. As my noble friend Lady Stroud said, research from these reports shows that people in receipt of UC are more likely to be in work than are people on jobseeker's allowance. UC claimants spend longer looking for work and consider taking jobs they would not previously have looked at. This positive trend was recently confirmed by new analysis published in September 2017 using a much wider sample group. The concept of "test and learn" is built into the DNA of UC. It allows us to quickly pick up on feedback from staff on the front line and use it to build improvements into each new release of the UC IT system.

During a recent visit to London Bridge jobcentre, I was delighted to hear from staff who praised the collaborative spirit of the new system, with claimants, work coaches and central and local government working together to further refine the service. I have to say, in response to the noble Baroness, Lady Donaghy, that these work coaches were amazing: they are not drowning, they are actually enjoying the work that they do and feel liberated and able to help people daily. In fact, we are employing 5,000 more work coaches to help the system across the country, so that people have this personalised support system. I am looking at the noble Lord, Lord Livermore. I visited a jobcentre in his borough, his designated territory as a Peer. I wonder if he has visited—I think not.

There has been much debate surrounding claimants' ability to manage under UC's monthly payment structure. Let me explain that the month-long assessment period is fundamental to the idea of UC. It means that the UC payment can be calculated on the basis of a full month's income, using real-time information. Beyond the assessment period there is a further time of up to a week to make final checks and for processing the payment. We are working to reduce this time, but let us be clear: of the current tax credits population, nearly 70% are paid monthly or four-weekly.

On the issue of the responsibility for paying rent directly to landlords, the change in this policy is also backed by the evidence. Indeed, much of this policy was introduced back in 2008 under a Labour Government. In 2012 we established projects in six areas across the UK to test claimants' capability in this area. The results, published in 2013 and 2014, show that the majority of social tenants can manage their finances: they are completely capable and want to manage their finances. We believe that it is important to improve the financial confidence of tenants, many of whom—I think that this is shocking—were previously unaware of how much rent was being paid on their behalf. That is dependency; it is not liberating. The reports highlighted the need to ensure that the right protections are in place, should people fall into arrears, which is why we have put in place a system of alternative payment arrangements for claimants who need them. This means that we can pay rent directly to a landlord to help protect those claimants at risk of eviction. In response to the noble Lord, Lord Kerslake, it is actually a choice: it is either the claimant, the landlord or, indeed, the DWP who can decide whether it is in the claimant's best interest that payment be made direct to the landlord. To address the point raised by my noble friend Lord Farmer, this, alongside the system of advance payments that I have already outlined, will support those claimants already in debt and help to prevent others from falling into it.

UC also shines a light on those in debt—I saw this when I visited London Bridge—so that work coaches can help them resolve this situation with personal budgeting support. I reference my noble friend Lord Fink and absolutely agree with him about debt. The recently published response to the report of the Financial Exclusion Committee recommends a much stronger focus on financial education in schools. Improving financial capability is at the heart of the Financial

[BARONESS BUSCOMBE]

Guidance and Claims Bill, currently passing through your Lordships' House. We all want to see the issue of debt tackled.

For people with health conditions UC offers greater independence and opportunity. Unlike the old system, it does not limit the hours which people can work. This means people with health conditions do not need to choose between starting a career and getting financial support for their disability. As was discussed in your Lordships' House the other day, it recognises that the ability of people with health conditions to work will change, off and on. UC means you can do both. My noble friend Lord Shinkwin, the noble Lord, Lord Low, and the noble Baroness, Lady Meacher, spoke about people with severe disabilities. The financial support available to them is more generous than before. I take issue with the noble Baroness when she said she did not believe the sums, as they are actually wrong. People in the UC equivalent of the ESA support group get double the ESA equivalent. When we come to move people from these benefits on to UC, we will protect their payments and top up any cash shortfall. We have simplified the system to make this happen. Previously, people with disability had to grapple with seven different payments. Now it is down to one, but it is simply not the case that they will receive less. We have invested £200 million more in universal support, an issue raised by some noble Lords, including the noble Lord, Lord McKenzie.

The rollout of UC has been undertaken carefully, beginning with a small group of claimants in the north-west in 2012. From May 2016, we started rollout of the full service, to all new claimant types, to be completed in September 2018. We will then take stock, before we start to move people on legacy benefits to UC. I am not sure whether all noble Lords are aware of the important point that we have not started moving people who are on legacy benefits to UC. This process of managed migration will not be complete until 2022, with transitional protections offered to legacy claimants throughout. If you were to believe some recent media reports, you could be forgiven for thinking that UC is in crisis: far from it. As noble Lords have said today, public scrutiny—including debates such as this—has a valuable role to play in putting government policy under the spotlight. However, let me be clear: having a job, earning money and building a career is the best outcome for individuals, society and the economy.

As several noble Lords have rightly said, countless studies show that meaningful work increases people's happiness, fosters social inclusion, and improves mental health, life chances and life expectancy. It is important to stress that, of the total number of households that will move on to universal credit, we are currently only 8% of the way there. By January it will be just 10%; we are not going to rush things. As we roll out universal credit, those on existing benefits whose circumstances do not change will not be moved to universal credit. This will not happen until 2019 and we will provide transitional protection at that point, to make sure that people—homeless, disabled or otherwise—are not worse off at the point of change.

Work is a positive health outcome and UC puts it back at the centre of the conversation about welfare, a point made eloquently by my noble friend Lady O'Cathain. A society where the maximum number of people is in work is a happier, richer, stronger one, in which everyone can feel empowered. It is always the duty of a civilised society to provide help for those unable to support themselves. This is not the same as saying that a life on benefits is the only choice for a person with disabilities or health conditions. That is why this Government make no apology for focusing on what people can achieve, rather than on what limits them.

I turn to a number of points made by noble Lords which I have not yet addressed. I stress to the noble Baroness, Lady Drake, that the benefit freeze is the subject of the next debate, to which my noble friend Lord Young will respond. There has been a concerted effort to misrepresent UC and to paint jobcentres as forbidding places, undermining our efforts to continually improve the system. It is important to make it clear that every two weeks the work coaches in every jobcentre pool their ideas for change. All those ideas and thoughts about improving the system are fed into the centre. We are taking those on board and working with them.

Advance payments for UC are paid within five days and are interest-free. If someone is in immediate need, they will receive a fast-track payment on the same day. We have taken on board the need to increase the awareness of advance payments and their availability, and have informed all work coaches of this. The latest data shows that 52% of new claimants on universal credit are receiving an advance. That shows that people are aware of this support, and using it. Unlike what one noble Lord said, everyone is entitled to an advance payment.

On the subject of jobcentre closures, we are not reducing the level of support we provide to claimants through the reduction in the number of jobcentres—far from it. We are actually streamlining the number. I go through the contracts for the commercial leases, so I know that we are saying goodbye to some that were not accessible or good places to come into. We want to improve and streamline the whole experience for people going into a jobcentre. I again urge noble Lords to experience this themselves: they will see that jobcentres are worlds apart from what they used to be like. It is important for us to modernise and improve that experience. When we close a jobcentre, an outreach service is always put in place within the community, to make sure that local people can access support to get to work.

My noble friend Lord Cormack mentioned targets to sanction claimants. There are no such targets for jobcentre staff. Sanctions encourage claimants to meet their personalised claimant commitment, which is tailored and agreed between the claimant and work coach. On childcare, the best way to help families improve their lives is by supporting parents to get into employment. Universal credit offers parents unprecedented personalised support, including paying up to 85% of childcare costs. This increase to 85% will benefit up to 500,000 working families by an average £60 a month.

This means that a growing number of families will get more support to move back into work. I pay tribute to the work of the noble Baroness, Lady Armstrong, who referred to kinship carers, as did the noble Lord, Lord Kirkwood, in the context of welfare reform. I wish to make it clear that if a claimant already has two children in their household and takes on responsibility for an additional child through kinship care, the Government do not wish to dissuade this from happening in the interests of the child, and an exception is provided. The exceptions are an important part of this policy and are there to protect those who are not always able to make a choice about the number of children in their family.

There is much more that I would have liked to have said in response to points made by noble Lords. I conclude by reiterating that UC prepares for work, and helps people to get into and get on in work. The Government are delivering this once-in-a-generation change in a controlled way. We are taking 12 years, from inception to final rollout. At each step of the way we have assessed the impact of UC on claimants. This is a work in progress and we will keep working. As the noble Baroness, Lady Sherlock, said, let us work together to make this right.

2.50 pm

**Baroness Hollis of Heigham:** My Lords, I do not have the time—understandably, given the pressure of other debates—to challenge so many of the assertions the Minister made in her reply which I have to say, from my work on the subject, are not well founded. I thank everybody who has taken part in today’s debate. The meaningful, moving, compassionate, well-informed examples and evidence that have come from around the House show how many of your Lordships are seeking to walk in the footsteps of claimants rather than sign up automatically—I am not accusing the Minister of this—to leafy government assurances which from my research are not supported by the evidence.

None the less, we have a Budget coming. I say to the Minister—I know she and her colleagues in the department will fight for this—that there is a choice. The Government can choose in the Budget to align themselves with the just about managing and the even more deprived—

**The Deputy Speaker (Baroness Morris of Bolton) (Con):** I apologise, but the time allotted for this debate has now elapsed, and I must put the Question. The Question is that this Motion be agreed to.

*Motion agreed.*

### **Working-age Benefits** *Question for Short Debate*

2.51 pm

*Asked by The Lord Bishop of St Albans*

To ask Her Majesty’s Government what is their assessment of the impact of rising inflation on families affected by the freeze of working age benefits.

**The Lord Bishop of St Albans:** My Lords, we are at risk of failing a substantial number of children and some of the most needy people of this country. If a society is to be judged by how it treats its most vulnerable, unless we are prepared to put aside party differences and make common purpose in addressing inequalities in our system of social security we will surely be found wanting. So what are the principles we should use when assessing the design and implementation of benefits policy, particularly the freeze on working-age benefits? We on these Benches are not ignorant of the Government’s substantial financial challenge. An ageing population, a sizeable deficit, and the need for additional expenditure on the NHS and on our education system put limits on the Chancellor’s options.

Understanding these challenges, the Church of England’s General Synod in a debate in 2009 asked that policies intended to reduce the deficit be judged against three principles: fairness, generosity and sustainability. The first of those principles, fairness, I know is important to many Members of this House, although we might have different ideas about what fairness is. Nevertheless, a fair benefits system needs to be transparent and consistent. On this point, I simply note that treating those in receipt of benefits fairly will require recognition of their individual dignity and sensitivity to individual circumstances.

Secondly, the notion of generosity in welfare provision is contentious. As I said in a debate earlier this week, this point is illustrated in the Bible where the community is called to ensure the welfare of the widow, the orphan and the stranger, although, as St Paul so succinctly put it, a person who is not prepared to work should not expect to eat. It was Archbishop William Temple who popularised the phrase “the welfare state”, and it is right to want fellow citizens to thrive and flourish. As such, the welfare system should be an instrument that facilitates mutual responsibility, especially for those who for reasons beyond their control do not have enough to survive on. To that end, profitable companies and the wealthiest members of society should seek to fulfil rather than avoid tax obligations, even if their activity meets the letter of the law. After all, the reason why so many international companies do so well here in the UK is that they benefit from an educated, healthy workforce and a world-class social infrastructure. In return, they need to make a fair contribution towards the funding of these things.

Thirdly, the welfare state should be sustainable. Incentivised reliance on the welfare system inhibits individuals’ ability to flourish, yet a society that allows large numbers of its citizens to live in poverty risks social disorder and disintegration.

All this brings me on to the current welfare system. The four-year freeze in most working-age benefits was announced by the then Chancellor in the 2015 Budget to last from 2016-17 to 2019-20. The stated intention of the policy at the time was to correct perceived policy issues: first, an alleged unfairness that benefits were rising at a faster rate than wages and, secondly, to make sure that people were better off in work than out of it. Despite this, in part owing to stagnating wages and rising prices, we find that benefit cuts are making families, even those in work, worse off. According to

[THE LORD BISHOP OF ST ALBANS]  
 the IFS, absolute child poverty is projected to rise by four percentage points between 2015-16 and 2021-22 and relative poverty by around seven percentage points, primarily due to the impact of the continued freeze of benefits. A rise in absolute child poverty in this country is unprecedented, and I must say that it is unacceptable. That the burden of the freeze weighs disproportionately on children is revealed when it is estimated that in the same timeframe pensioners will see a 2% decrease in absolute poverty and their relative poverty will remain unchanged. This is fundamentally an unfair burden for children to bear.

At the same time, the impact of the freeze is intensified by rising inflation. Yesterday the ONS announced the most recent inflation statistics, reporting that food and non-alcoholic drink prices last month were 4% higher than in October last year. That is the fastest rate of growth since September 2013. Gas and electricity prices are also up by 6%, hitting the poorest families hardest. The cost of essentials has been rising faster than inflation since 2006. While benefits and tax credits will have risen by only 3% over the seven-year period between 2012 and 2019, prices are expected to rise by at least 13% on average over the same period. Families relying on benefits to supplement their income are simply unable to keep up with the rising cost of living.

The effects of this policy are felt intensely by the families affected. Its impact is huge, equivalent to taking £7 billion every year from family budgets, yet this is easily overlooked because its effect is incremental and works not by reducing the amount of benefits or tax credits that people receive but by reducing what they can buy. Families may be receiving all the benefits they are normally entitled to but are able to stretch them less and less far. Moreover, the majority of affected families are working families, which undermines the Government's objective of making work pay. The National Audit Office reported in September this year that the freeze in local housing allowance rates has contributed to private rental properties becoming less and less affordable for families, which in turn is likely to be contributing to rising homelessness. Shelter estimates that the freeze on local housing allowance puts more than 1 million households at risk of homelessness by 2020. Since 2006, the maximum award for childcare costs that can be claimed under tax credits has been fixed. This effectively amounts to a decade-long freeze in the refundable element of childcare costs for low-income families. As the cost of essentials rises and families have less money for childcare and housing, the benefits freeze actually serves as a barrier to work rather than enabling it. The status quo is unsustainable.

There is room for reassessment. The benefits freeze will actually save considerably more than originally anticipated due to rising inflation. Ending the freeze a year early or uprating benefits by 1% a year for the next two years could still achieve the same overall savings originally planned. I hope that all parties will commit to making this change. Raising the personal tax allowance is not an effective solution because most of the benefits go to better-off households. Only £1 in every £6 spent on raising the personal tax allowance will go to households in the bottom half of the income distribution, with a negligible impact on poverty.

On Tuesday, the Governor of the Bank of England, Mark Carney, warned that the lack of a Brexit deal could see inflation rise further, putting even greater pressure on poorer people. A fundamental reconsideration of the benefits freeze, in light of the principles that should guide welfare policy, is urgently needed. I hope that the Minister will not only assure the House that Her Majesty's Government are listening but will respond by committing Her Majesty's Government to reconsider the freeze, which is already causing so much misery.

3.01 pm

**Lord Beecham (Lab):** My Lords, I congratulate the right reverend Prelate on securing this debate. I am sorry that the congregation—if I may put it that way—is not quite as large as it should be, but we have already had a very interesting debate partially touching on similar issues. But it is as well that the right reverend Prelate draws our attention to particular aspects of the situation facing far too many people in this country. I again refer to my interest as a Newcastle city councillor. As I was happily reelected for the forthcoming elections, I hope to be able to continue saying that after whatever date they are on next year.

As I think I have said previously, I live just 12 minutes' drive from the ward I have represented for the past 50-plus years. For every minute of that drive, life expectancy falls for people in that ward by a year. In other words, life expectancy is 12 years less in the ward I represent than in the ward in which I live, which says something about the problems faced by far too many people—and not only in the city of Newcastle. That manifests itself in many ways. Fortunately we have a very strong voluntary sector and a very caring community. But it is sad that teachers at the local primary schools bring in food for breakfast clubs for children attending their school because they cannot be certain of having an adequate breakfast and start to their school day. It is a measure of the deprivation that is unfortunately too prevalent. In a way, a more dramatic example of that is the West End Foodbank in Newcastle, run by the Trussell Trust, which has done wonderful work all over the country. The food bank in my ward is the busiest in the entire country. Again, it gives a sense of the deprivation, which is not universal but is certainly far too widespread for us to feel at all comfortable about it.

In an area with these problems and people struggling with them, many issues are making matters worse, reflected in a range of government policies. One of those is the bedroom tax, which has not been mentioned much latterly but which inflicts an average annual loss in the ward I represent of £777 on 243 households, amounting to £189,000 in just this one ward in the city. Across the whole city, the figures are 3,950 households, and the loss of income—and loss to the local economy—is £3,263,000, a formidable amount. On a national basis, I have not done the arithmetic but your Lordships will not find it difficult to acknowledge that we are talking of billions of pounds lost nationally to the local economy by this measure. Those numbers, of course, are expected to rise over the next few years. In general, dependency is likely to rise over the next few years.

The Resolution Foundation projects a total saving, at the expense of the most vulnerable and impoverished,



through two more years of the benefit freeze and less in-work support under universal credit—which we have debated at some length already—of £6.8 billion a year by 2021. Money is not going into households and into the local economy, particularly in areas that need it most. We need to recall—although one would not imagine that readers of the *Daily Mail* and *Daily Express* would ever get to know—that 60% of benefit payments go to working households. Poverty among those in work is greater than among those without work. That is not to say that we should not be encouraging and facilitating people getting into employment—well-paid employment, we hope—but part of the problem that we have faced over the past decade or so is that earnings have not risen proportionately to the cost of living. In that way, people's standards have fallen substantially.

In addition, there are government policies that make matters worse. In particular there is the pernicious restriction of benefits to the first two children in a family, mentioned in an earlier debate with reference to the kinship situation—which, I confess, I have not been alerted to, although I should have been—which is uniquely barbarous. However, it is bad enough for those restrictions to be imposed on any family. Some 900,000 are affected by this measure. The Rowntree Foundation, which does enormously valuable work in reviewing the state of our society, predicts that 470,000 more people will experience poverty by 2021, and a two-child family will be £832 a year worse-off than if benefits had kept pace with prices, or £676 for a two-child family with a single parent. Either way, that is a lot of money to support children in a very low-income family.

What is the justification for freezing benefit levels, especially now that the cost of living is rising rapidly? The cost of food, particularly, is rising substantially. The cost of living looks as though it is rising by a smaller amount but, for the people we are talking about, it is the basics—food, fuel and accommodation—that are the most telling calls on their budget. With Brexit, one imagines that food prices will continue to rise, probably at an ever faster rate.

There are also serious implications for the housing sector—both for social housing and for privately rented homes. ALMOs, the arm's-length management organisations that provide much local council housing and manage it nationally, reveal that 31% of their tenants are in arrears to the extent of £414 per household, which brings a figure of £68.5 million a year in arrears. Of those who are universal credit claimants, 73% are in arrears, more than half of whom—this is telling—were not in arrears before universal credit began to be applied. In the private sector, as we have heard from time to time in your Lordships' House, a vast number of people—4.7 million—are now in poverty after paying rent, where they can afford to. Where they cannot afford to, all too often they are faced with eviction, and society has to pick up some of the consequences of that through alternative provision.

The benefit cap has mainly affected single parents with multiple children. Indeed, 63% of those with three children or more are more likely to find it difficult to get into work or to be able to make up the difference. Yet against this background, the Government

can find money effectively to reduce inheritance tax by increasing the threshold on family homes by an additional £125,000 for each spouse or partner, while their vaunted increase in the level at which income tax becomes payable benefits the higher paid proportionately more than those with very low earnings. There is also the anomaly that national insurance kicks in well below the tax threshold. Is it not time to review the relationship between these two forms of taxation? One of these two aspects of taxation receives attention from time to time, while the other apparently does not.

While we are talking about taxation, what about council tax? With bands unchanged for 25 years, the difference between the lowest band and the highest remains only threefold. In a street near where I live, there is a house on the market in band H where the asking price is just under £4 million, and the council tax will be in the order of £3,000. The smallest, cheapest flat in the ward I represent will be in band A, and the council tax will be £1,000. That is a ludicrously narrow ratio. I should make clear that my own home is in band F, and I estimate that it is probably valued at six to seven times the price of new houses being built in my ward—but my council tax is only twice as much. It is no longer the case that the poorest are protected by what used to be called the rate rebate scheme.

These are issues that need to be addressed if we are to protect people from the hardship that the right reverend Prelate so rightly outlined.

3.11 pm

**Lord Kirkwood of Kirkhope (LD):** My Lords, it is a pleasure to follow the noble Lord, Lord Beecham, who brings a wealth of valuable experience from his local government work. I am very grateful to the right reverend Prelate for this debate. It is something I was trying to get on the agenda myself, as it meets my intrinsic need to replace the now-gone annual uprating debates that we used to have on social security. I held the record for attending 27 years in a row without missing one. I wanted the box set until the Government went and did this dastardly act, and now I have to rely on the Church to give me the opportunity to go through the 37 means-tested benefits that are covered in this benefits freeze in my nine-minute speech.

I have a very simple point to make. I endorse what the right reverend Prelate said, but it seems to me that, in Parliament, one of the important defence mechanisms in our social protection network was that we accepted the principle that there would be a valorisation of the benefit levels—that the rates, which had to be considered by the Secretary of State for Social Security every year, were in some way linked to a cost of living measure. You could have arguments about whether RPI or CPI was right or wrong, but that for me was a cardinal protection for people. I would be prepared to go on any doorstep in the United Kingdom, however prejudiced the household might be, and argue with them that as wealth increases—or decreases—the people who are supported by our social network protections should both share in any increase and take the decrease if that is what the economy is facing. That seems to me to be an unanswerable proposition for securing annual rates for benefits.

[LORD KIRKWOOD OF KIRKHOPE]

It is a real disappointment to me that the Government set their face against making these cuts on an annual basis, because they had the power that enabled them to do that, through the existing uprating mechanism. They set their face against that, which suggested to me that they were prepared to coldly and calculatingly accept some of the rates of poverty that we now know exist. The right reverend Prelate set them out clearly, particularly in relation to child poverty. I agree with that. We know what we are doing and we are making children poorer.

It would have been a much better position for the Government to say, “We will look at this every year, and if adverse circumstances apply”—and they do—“we will justify the increase or decrease year by year”. That would give me more confidence that all these very competent people in the DWP doing the research and monitoring these things are not just doing other things, such as Brexit Bills or something. I would like an assurance from the Minister, if he can give it to me, that someone is actually doing that and looking at it. We may not have to do this work, because we are not covered by the annual uprating requirements, but somebody in the DWP should be doing it and making sure that a line is not crossed—because the circumstances have dramatically changed since 2016. We had an inflation rate of 0.3% and now we have a rate of 3%. I do not know that we expected that, although I thought it would happen—and it is important to remember as well that it is 4% for food and drink.

The noble Lord, Lord Beecham, knows about this better than I do, but as much as anything, the ability of local authorities to soak up some of the downstream consequences, which are inevitable in terms of public services, is diminished in a way that in 2015 and 2016 I did not expect to see. So for all these reasons, it is not safe just to say, “This is it for four years, and we’ll come back and look at it in 2020 or whenever”. I would be grateful for any comfort that the Minister can give me about how we are handling the interim period between now and then, and monitoring some of these issues.

The Resolution Foundation, the Joseph Rowntree Foundation, the IFS and CPAG are serious, well-respected organisations. We are extremely well served in the United Kingdom by these organisations, which are beyond reproach. Of course they are making forecasts and estimates, and they do not have a crystal ball, so you have to look at the assumptions carefully, but they are well respected across Europe for the work that they do, and they are all queuing up and showing the RAG lights on the risk analysis as amber going red on this. I am not sure that we can go through the four-year freeze without risking public disillusion, mistrust and misery. If we allow that to happen, it will be a great shame.

I could not say this in the earlier debate, because I was so generous to the Chief Whip with my time, but the seven-day waiting period applies to these benefits as well. We may be in the business between now and next week of making some mitigation to the seven-day period, which used to be three days—and there was a big row when it went to three days, although you can understand that when you are trying to deal with a

situation that avoids churn in the labour market. Another ask from me would be whether, in gremio of the wider consideration of universal credit, the seven-day wait could not be looked at as well.

I say absolutely openly that I would much rather the Government considered postponing the increase in the personal tax allowance to £12,500. They can still get there by their manifesto commitment period if they miss a year. If the Minister is looking for money—and it would need big money to mitigate some of these benefit freezes—the £2 billion or £3 billion that you could save by not introducing that promised tax cut, which affects higher-income households disproportionately, would be a good place to start.

I do not know whether the Minister has had a chance to look at it, but I was very struck by the recent survey the Financial Conduct Authority published, which was based on a huge sample of 13,000 people, divided into families that are struggling, squeezed and cushioned. The fragility that that survey revealed surprised me. I look at these things as closely as anybody, and it is worrying that we are sitting on a level of household debt that is bound to increase. If that is the base from which we are starting, we really have significant problems—not to mention withdrawing from the European Union, because the economy is bound to take a hit from doing that.

I have a final ask. We have the Social Security Advisory Committee available to us. It is another gold-standard institution. It is very experienced in all of this. I think that the Government should ask SSAC to monitor the remainder of this four-year freeze because it is big enough and ugly enough at telling the truth to Ministers privately in a way that might cause the Government to change their mind. It has a busy agenda and does not have an awful lot of extra resources, but it would be money well spent. If that were to happen, I certainly would sleep slightly easier in my bed at night. I hope that the Minister will think about that carefully.

3.20 pm

**Lord Elton (Con):** My Lords, I recognise, first, the depth of my ignorance of this subject compared with those who have spoken and those on the Front Bench. Secondly, I recognise what was established very well in the debate last week on the report from the noble Lord, Lord Farmer: namely, that the family is an essential building block in a stable society and that what you want in the family is stability. I am well aware that children in families perform better in school, have longer lives and so on.

On the point of longer lives, the noble Lord, Lord Beecham, touched on a very tender point when he referred to the reduction in expectation of life mile by mile as he approached the ward or borough that he represents. At 87, that speaks to me very loudly. I feel that I am extraordinarily lucky and I recognise the misfortune of those with short lives much more clearly that I would have done 20 or even 50 years ago.

I therefore speak with a tender conscience. It is tender also, as I say, because I am largely ignorant of the field—but there are certain simple, salient facts. As I said, there is the fact that families produce stability.

There is also the fact that families are in great difficulty in various percentiles of our income spectrum—if that is the right language. I realise that an across-the-board mitigation of the policy that was established by the freezing benefits would be hugely expensive. This is not necessarily something that any Government could contemplate at this stage of the economic cycle and the budget cycle. Equally, this Government are compassionate and experienced and it seems to me therefore that any mitigation should be aimed where it is needed most—and it is needed most by the children who are the product of the families, and by those children who have no families.

I would have thought that this meshes very closely with a launch that took place two days ago under the chairmanship of the right reverend Prelate the Bishop of Chester on the effects of taxation on the family. What that revealed—incontrovertibly, in my view—is that there is a taxation bias. It is not deliberate, and the calculations are immensely intricate. The interaction of various factors means that families are worse off than they would be if they were not families and that, in particular, in-work parents under taxation are treated less favourably than those out of work. Therefore, my simple, not eloquent and not very clever suggestion is that if it is too expensive to mitigate across the board—which I assume it is—it would be sensible and compassionate to make the mitigation relate to the children in the spectrum, and in particular to children in families.

3.24 pm

**Baroness Sherlock (Lab):** My Lords, I commend the right reverend Prelate the Bishop of St Albans for choosing this subject and for managing to get it debated the week before the Budget, which I think is a very coveted spot indeed. In doing so, he has highlighted one of the greatest and most overlooked scandals of the austerity policies pursued in recent years. With apologies, I am going to go through some of the history to this and what I think is wrong with this approach to deciding benefits and then look at why I think it is being done.

Previously the default position was that social security benefits and tax credits were indexed to inflation so they would keep their value. Before 2011 they were linked to the retail prices index or ROSSI—a variant on RPI which excluded housing and some council tax costs. From 2011 they were linked to the consumer prices index and, as the noble Lord, Lord Kirkwood, pointed out, that was contested but did at least preserve the stated intent of ensuring that benefits and tax credits remained in real terms at the level at which Parliament had decided to set them. It meant that Parliament knew what it was voting for when it approved changes to benefit levels.

That changed when the coalition Government decided to limit most working-age benefits to a 1% annual increase for three years from 2013-14. This Government went further and froze those benefits at their 2015-16 cash levels for another four years so they will not rise again in cash terms again until 2020. The frozen benefits include payments on which the poorest families in our society depend. I suggest there are two major problems with this change: one of process and the

other of impact. First, it means that Parliament has no idea what it is signing up to—a point made by the noble Lord, Lord Kirkwood—when something is set for four years at a time. The impact assessment for the Welfare Reform and Work Bill, which brought this policy in, showed a projected saving to the Treasury of £3.5 billion by freezing the benefits as opposed to uprating them by CPI, although it noted that:

“These savings will continue in future as increases will be from a lower base”.

But of course inflation changes so the exact saving to the public purse and the corresponding cost to those who get the benefits and tax credits are variable quantities. So the Government asked Parliament to adopt a policy when they could not know the precise impact on the people who would be affected by it.

That is the second problem—the impact has turned out to be severe. This freeze cuts in real terms the incomes of affected households year on year. Inflation is now higher than when the Bill was passed. The impact assessment helpfully cited the OBR inflation forecasts for CPI inflation for every year of the freeze period. They varied between 0% and 1.9%. The forecast for this year was 1.2%. In fact, the CPI 12-month rate last month was 3%. That is good news for the Exchequer which scores a saving much higher than predicted. As David Finch of the Resolution Foundation points out, by 2020 the estimate is that the freeze will have saved the Exchequer some £4.7 billion, a full £1.2 billion more than previously forecast. With CPI at 3%, that makes year three of the benefit freeze alone worth £1.9 billion to the Treasury.

The bad news is, of course, that it is £4.7 billion which would have gone into the budgets of those who get benefits and tax credits and use them to feed their children and pay their rent, and now they will not. As the right reverend Prelate the Bishop of St Albans pointed out, it is worse for the poor because they have to spend more of their income on essentials, such as food, and the inflation rate for food and energy is higher than the 3% general inflation rate. Most forecasts suggest that it will get worse. My noble friend Lord Beecham has revealed the effect of that in his area, and also the significant impact on housing.

CPAG analysed the effect of the freeze before the latest rise in inflation and found that in a universal credit system, the four-year freeze to UC and child benefit uprating will cost the average single-parent family £710 a year and the average couple with children £430 a year. I commend the concern for families of the noble Lord, Lord Elton, for whom I have a great deal of respect, and I admire him for it. One of the reasons I am most worried about this freeze is that it affects most families with children, and that is where the damage is being done. I appreciate his raising that issue.

What will this do to inequality? That was set out in painful detail in a recent report by Hood and Waters of the IFS, *Living Standards, Poverty and Inequality in the UK: 2017-18 to 2021-22*—there have been catchier titles, I grant you. It uses Treasury and OBR data and macroeconomic forecasts to model the impact on household incomes. Its projections showed this: inequality will rise over the next four years; the official rate of

[BARONESS SHERLOCK]

relative poverty after housing costs will rise by two percentage points, driven entirely by child poverty, which will rise by seven percentage points; absolute poverty will remain the same, but pensioner poverty will fall and absolute child poverty will rise by four percentage points. Children must be looking enviously at the triple lock enjoyed by pensioners.

Prices are rising but the real incomes of poor households are falling, and most of those had nothing to spare in the first place. What does the Minister think those families should do? More to the point, why are the Government doing this? We know, because on 30 October, my noble friend Lady Lister asked the noble Baroness, Lady Buscombe, the Minister's colleague, to describe the Government's reasoning. The noble Baroness said:

"The benefit freeze is part of a package of welfare reforms that is designed to ensure that the system remains sustainable and to incentivise claimants into work. These reforms are working, and we have not had a lower unemployment rate since the 1970s. The changes we have made to the benefits system allow us to target the support we provide to those who need it most".—[*Official Report*, 30/10/17; col. 1156.]

Let me take that Answer apart. First, it is part of a package of welfare reforms. The benefit freeze is not a reform: it reforms nothing; it is simply a cut every single year on year. Secondly, it is designed to ensure the system remains sustainable. Ministers often complain about rising social security spend without giving any context, or referring, for example, to the rising levels of age-related disability, or even without mentioning that spending on out-of-work benefits rises during recessions which, of course, is the safety net kicking in—automatic stabilisers, as economists put it, kicking in. A much better test of sustainability is the cost of social security as a percentage of GDP which has changed remarkably little in recent decades. However, if these cuts go ahead, the OBR *Welfare trends report* said that by 2020-21 social security spending in support of children and working-age people would be at its lowest share of GDP since 1990-91.

Thirdly, it is to incentivise claimants into work. But this benefit freeze affects people claiming ESA who have been deemed not fit to work yet. It affects mothers of children under one, whom even this Government do not think should work. It affects working tax credit and child tax credit which go to people in work. The same people whose incomes from wages have been squeezed are now finding the system that is meant to top up their household income is being slashed just when they need it most. Fourthly, the changes are to allow us to target the support to those who need it most. Yet the biggest losers overwhelmingly are families with children and especially single-parent families. How is that a good target?

Ministers keep telling us the country cannot afford to pay benefits at decent levels. The coalition Government famously said that,

"those with the broadest shoulders should bear the greatest burden".

Yet a detailed study by Ruth Lupton et al of the coalition's social policy record found that,

"the poor bore the brunt of its changes to direct taxes, tax credits and benefits".

With the exception of the richest 5%, those in the top half of the distribution were net gainers from the changes. The study said:

"Perhaps surprisingly, overall the 'welfare' cuts and more generous tax allowances balanced each other out, contributing nothing to deficit reduction".

Yes, those austerity cuts were not needed to cut the deficit but to pay for tax cuts for the richer.

There we have it. This policy hits the poorest who had no spare cash anyway. It hits low paid workers as well as those who cannot work. It hits children hardest. It will increase poverty and inequality, especially for children. Its impacts will be felt well into the future as these new, lower levels form the basis for any future increases. Every increase in inflation represents a windfall for the Exchequer at the expense of the poorest families in our society. This is unjustifiable. The Government should abandon it now.

### 3.33 pm

**Lord Young of Cookham (Con):** I begin by thanking the right reverend Prelate the Lord Bishop of St Albans for securing this debate—his second debate this week, each focusing rightly on the least well-off in society. I am grateful for the way he set out his case and for what he said about families, much of which was endorsed by my noble friend Lord Elton. The other speakers in this debate are all veterans of previous debates on universal credit—an important qualification which I hope has reassured the noble Baroness.

The noble Baroness wanted to look at history. If I may, I shall do exactly the same, going back a little further than she did. This debate is very different from one that might have taken place when I first entered government in 1979 as a Minister at the Department of Health and Social Security, a precursor to today's DWP. Welfare spending on people in work barely existed at that time, often leading to a sharp drop in income as people moved off supplementary benefit into work, with all the disincentives that went with it.

In the decades that have followed, we have seen in-work support evolve from its inception through family credit and housing benefit to the introduction of statutory sick and maternity pay in the 1980s and then on to tax credits, which started in the late 1990s and have grown in importance ever since. The more than £25 billion that the Government now spend on in-work benefits and tax credits sits at the heart of a welfare system dedicated to supporting people, first, to seek and find work, and then to stay in work and take home more of what they earn. This has been a dramatic change in priorities over my political lifetime.

I hope it does not sound hard-hearted to say that work is the best route for families to get out of poverty and become self-reliant. I genuinely believe that to be the case. Earnings provide people with the best opportunity to grow their income and become financially secure. Across the UK, the unemployment rate is at its lowest level in over 40 years and there are fewer households where no one is in employment than at any time since comparable records began. That is why we are committed to incentivising work for those who can. This debate, however, is about the next step.

What happens to living standards when people have found a job? Here, the Government have taken a number of steps, not all of which have been mentioned in the debate. They have cut income tax for over 30 million people and taken 4 million low earners out of income tax altogether. As of April this year, a typical basic rate taxpayer will pay over £1,000 less income tax, compared to 2010-11. Our plan, as the noble Lord, Lord Kirkwood, mentioned, is to increase the tax-free personal allowance further to £12,500 by the end of this Parliament.

Other measures, such as freezing fuel duty and reducing social rents to 2020, will mean more money in the pockets of those social tenants paying their own rent and a lower housing benefit bill. If one puts it all together and takes into account the national minimum wage, in 2010 a single person on the national minimum wage working 35 hours per week would have taken home £9,200 after tax and national insurance. Following the national living wage and changes to the personal allowance, they would take home £12,500, an increase of £3,300.

The national living wage has had a big impact. It has given the UK's lowest earners their fastest pay rise in 20 years. In 2016 their full-time earnings increased by 6.2%—well above median growth of 2.2%. Since 2010 the annual average income of the poorest fifth of households has risen in real terms by more than £300, while the incomes of the richest fifth have fallen. Our aim is for the national living wage to reach 60% of median earnings in 2020. Since 2010, we have 600,000 fewer people living in absolute low income on a before-housing-costs basis, and 1.2 million fewer people on out-of-work benefits, so income inequality is down.

My noble friend Lord Elton and others mentioned working families on low income. Here we have made the childcare element of universal credit more generous. Parents on universal credit can now claim back up to 85% of eligible childcare costs, compared with 70% in working tax credit, a change that is benefiting 500,000 working families. Working families in England with children aged three and four can now get up to 30 hours of free childcare a week in England, worth up to £5,000 per child. This amounts to a record investment by the Government in childcare. By 2019-20 we will be spending over £6 billion per year to support working families in this way. Helping the younger unemployed, we have seen more than 3 million apprenticeships start since 2010, with a commitment to 1.9 million more apprenticeships by 2020, helping young people into better-paid employment. Youth unemployment has fallen by over 40% since 2010, and the proportion of young people who are unemployed and not in full-time education remains below 5%.

While the debate has focused on the specific impact of the benefit freeze, we should put on the other side of the scales the many measures that I have just mentioned. If we do that, we get a fuller and more balanced picture.

At the time of the 2015 summer Budget, we estimated that the benefit freeze would save £3.5 billion in 2019-20, equating to an average notional loss of £6 per week in

2019-20. Some of the other measures I have just referred to should be taken into account before one comes to an overall judgment.

The noble Baroness, Lady Sherlock, and others, contrasted the freeze in working-age benefits with a more generous regime for the state retirement pension. There is a key difference that justifies this. Once you reach state retirement age, there is no turning back. For most, there is no opportunity to increase their income through paid work, whereas those of working age and who are fit have this opportunity. Between August and October of this year there were 780,000 job vacancies. Just to make the point, around 80% of people leave JSA within six months of making a claim, indicating that this is a stream rather than a pool.

A number of noble Lords raised statistics about poverty. We can trade statistics about relative or absolute poverty, before or after housing. Since 2010, on a before-housing-cost basis, there are 600,000 fewer people on absolute low income—a record low—including 200,000 fewer children, 100,000 fewer pensioners and 300,000 working-age adults.

In his opening remarks, the right reverend Prelate said that one of the three criteria should be fairness. I agree. The Treasury published a cumulative distributional analysis alongside the Autumn Statement in November last year, showing the impacts on household income of tax, welfare and public expenditure changes implemented—or planned to be implemented—since the 2010 general election. This is the most comprehensive analysis available, covering the effects of not only direct cash transfers between households and government but of front-line public service provision. This analysis shows that the state is highly redistributive. On average, the 10% of households with the lowest incomes receive over four times as much support in spending as they contribute in tax, while the 10% of households with the highest incomes contribute over five times as much in tax as they receive in spending. The Government's policies have repeatedly increased the tax contribution of the wealthy through measures such as the reform of dividend taxation and the increase in stamp duty. Income inequality is now lower than it was in 2010.

My noble friend Lord Elton mentioned children and families. We are committed to supporting families and tackling the root causes of child poverty and disadvantage. We know that children do worse in households where no one is in work. A child growing up in such a family is almost twice as likely to fail at all stages of their education as a child living in a working family. Children in households without a working member are five times more likely to be in poverty than those in households where all the adults work. Hence the emphasis in our policy on getting people into work wherever possible.

I shall touch briefly on some of the points raised in the debate. I join the noble Lord, Lord Beecham, in paying tribute to the voluntary sector and the work it does in helping some of the families we have been talking about. On the spare room subsidy—rather than the bedroom tax—he will know that discretionary housing grants are available to help those in need as a result of the change. My noble friend Lady Buscombe

[LORD YOUNG OF COOKHAM] addressed the two-child policy in the debate that has just concluded. I should like to write to the noble Lord if I do not touch on all the points he raised.

On the benefit cap, there is a basic issue of fairness which, I think, resonates with the public as a whole. It is absolutely right that you cannot get more from a life on benefits than from work. This is the principle behind the cap.

I am grateful to the noble Lord, Lord Kirkwood, for curtailing his speech on the earlier debate. I will pass on to the Chancellor his suggestion of switching the resources from cutting the personal tax allowance to putting more into universal credit. He asked why we used primary legislation to freeze the benefits and tax credits. Legislating for four years brought certainty on levels of welfare spending to benefit recipients, the taxpayer and the Exchequer. The annual uprating includes benefits for carers and disability premiums. My understanding is that, once we come to the end of the freeze, we revert to the default position of uprating on the normal basis.

The noble Lord asked about the SSAC. The annual uprating order that provides for increases in benefits and pension rates is not subject to SSAC scrutiny. The order is fiscal policy and that is why the four-year benefit freeze was provided for in primary legislation and not as part of the annual review.

This is a Government who support families. We support people below state pension age with over £90 billion a year in payments, providing a robust welfare safety net. We support families who face additional obstacles and costs as a result of disability or illness by maintaining the value of the payments they receive. We support parents to get into work and out of poverty, to earn more, to gain financial security for their families and to give their children the best prospects for the future.

## Older Persons: Human Rights and Care

### *Motion to Take Note*

3.45 pm

*Moved by Lord Foulkes of Cumnock*

That this House takes note of the human rights of older persons, and their comprehensive care.

**Lord Foulkes of Cumnock (Lab):** My Lords, I am grateful to the Labour group in this place for giving me the opportunity of leading off in this debate on an issue which has concerned me for many years.

First, I must declare an interest. It is not my age—a lot of us might have to do that, although not the Minister, of course. I am the chair of Age Scotland, the charity concerned with all aspects of concern to older people in Scotland. As the noble Baroness, Lady Greengross, knows, in the 1970s I used to be director of Age Concern Scotland. When I was first made a trustee of Age Scotland, Brian Sloan, the chief executive, said that he remembered that, but that I had more of a vested interest in it now—rather cheeky, but he was right: I have a vested interest in it now.

I am grateful for all the submissions that we have received—I think noble Lords will also have received them—from Age UK, Age International, the Local Government Association, Independent Age and many others. I also commend the House of Lords' Library for its excellent briefing; it really is good at this kind of briefing. All of this underlines the importance of this issue.

This debate is to look at older persons in the context of human rights, not just care and compassion—although that is important; we all need care and compassion and we must not forget that. But it is in the context of human rights that we are looking at the subject today, because it will affect us all. Assuming we avoid the grim reaper, everyone will be moving into older age. The United Nations has looked at this in the human rights context for some time, since its Second World Assembly on Ageing in 2002. The UN set up an open-ended working group—it is a pity in some ways that it is open-ended.

The Council of Europe has also been looking at this. My report, which is the basis of our debate today, was adopted unanimously by the Council of Europe Parliamentary Assembly in May this year. I thank the staff who helped me to produce that report; I could not have done it without them. The Council of Europe has been looking at the subject in this context since 1996, when it adopted the European Social Charter on the rights of old to social protection. All of that is good, but the problem is that little or nothing is done about it. All these things are agreed and adopted, but then they have to go to national Governments to be implemented which, I am afraid, does not always happen—indeed, it happens very seldom.

On 11 July, as the Minister will recall, I had an Oral Question about this. He noted it and followed on with—I was going to say the usual platitudes but, since I like the Minister, I will say the usual good and nice words that someone had written for him. I am hoping that we get better today; he has had longer to think about it and I am ever the optimist. Even in the Library earlier on, he asked me what kind of reply I would like, so I gave him a hint.

Let me outline some of the issues. First, there is the demographic challenge, which underlies all this. As Independent Age said, just to give one statistic:

“there will be nearly 16 million people aged 65 and over”, in Britain by 2030. The number of those aged 80-plus is going up even faster and the number of centenarians is set to double. That indicates that the size of the problem is growing day by day, week by week, year by year.

A key aspect of the report which must be taken account of to ensure that, as the numbers go up, individuals are not disadvantaged but get a decent life is, first, the need for an adequate income. This is central to everything. Maintaining the triple lock is vital—and so far, so good. But when I heard my noble friend Lady Sherlock say earlier on that, because we have the triple lock, pensioners are lucky compared with some others, I worry. There is an attempt sometimes from Governments to divide and rule and to say that pensioners are okay compared with families with young children. It is not true for most pensioners, who are

not all that much better off. It is this divide and rule that worries me. It occurs to me—we all saw the Panama papers—that if those with their fortunes hidden away in the Isle of Man, Bermuda or the Cayman Islands were to pay their fair share of taxes, there would be enough to provide decent incomes for people at every stage of their lives.

The second issue is appropriate housing, close to amenities. Instead, older people are often in cold houses, isolated from amenities. Age UK argued very effectively in its submission that older people want comfortable and attractive housing alternatives that promote healthy and active lifestyles. That saves money in the longer term.

I was really disappointed recently to see in Edinburgh—my home town now—more and more student houses being built, almost ghettos of student houses. One thing that we recommend in the report is more intergenerational provision: housing for older people and younger people, including students, in the same area. I saw that in Denmark and it was working very well. They can help each other, so it can be mutually beneficial. The other type of intergenerational provision that I saw when I was preparing this report were day centres for older people combined with children's nurseries. Not only was it good to have older people mixing with young people and vice versa, but the staff were helping each other out and learning from each other. Intergenerational provision must be looked at a great deal more.

This brings me to the central issue of social care, both residential and domiciliary. We must all recognise and acknowledge that most of it is, and will continue to be, provided by families as they look after relatives. But they need more and more help—they need respite care and domiciliary support. The scandal of less than 15-minute home care visits must end. There must be decent visits to look after older people living alone. We need proper home help services, district nurses and, above all, chiropody—it seems like a small thing, but if older people do not have proper chiropody and podiatry services, they cannot get around. It is vital. When old people are in residential homes, they must be looked after by properly trained staff. Age UK also makes some recommendations on that.

Now we come to my central point: we need a charter of rights for older people. That is what the UN said, and the submission that Age International sent to us all endorses it. For example, care in older people's homes needs proper inspection by properly trained staff. Age UK has made recommendations on that subject as well. There are examples of abuse, such as what we saw on the Channel 4 documentary on Haringey. We only get to know about that when a whistleblower tells us about it—whereas if there were more frequent regular inspections without notice, as is advocated, and stiffer penalties for people breaking the rules, we might be treating old people better.

Let us look at abuse in a wider context. Far too much abuse, by relatives for example, is hidden, and we do not know about it. Sometimes—let us be honest—there is coercion, in relation to the drafting of wills and things like that. There is also abuse by commercial interests, especially now—the telephone calls and internet

activities aimed at people who are not necessarily as clued up as younger people are, and can be taken advantage of.

In relation to social care, one of the difficulties we experience is bed-blocking. Beds that ought to be available for acute care in the NHS are being used by older people who should have been out of them some time ago, but the social care is not available—a package has not been devised. That is why the report recommends the integration of health and social care administration. At present, there are silos of NHS care and social care, with the money in their own budgets. In Scotland people are trying to bring health and social care together; in theory it is happening, but in practice it is not working on the ground. Some of the old traditions and patterns need to be broken down. That is another key issue that emerges from the report and the recommendations.

That brings me to another issue that needs to be included in the charter: an end to age discrimination. It is astonishing that age discrimination still takes place. It was supposedly outlawed in the Equality Act 2010, but although fairly strong action is taken on gender and race discrimination, that does not happen with age discrimination. One of the submissions tells us that the Royal College of Surgeons and Age UK examined the possibility that older patients may be discriminated against regarding access to surgery in England. Their first report, published in 2012, found that elective surgical treatment rates declined for the over-65s, in spite of this age group's increased need for health interventions. The doctors say, "I'm sorry, you're just too old. It's not worth spending the money on you, because you'll be dead soon." It is outrageous that such discrimination should take place, and it must end now. I hope that the Government will pick that up.

Of course, not all older people are frail and dependent. We need to acknowledge that. I have talked a lot about those who are, but many are active, and promoting active ageing is included in the report. We need to encourage active ageing, and volunteering. Older people can and do volunteer, and they should be encouraged to do so more, partly to help even older people, but also to help younger people. They should also be encouraged to get about. I was interested in the Local Government Association's submission about transport, which said that long-term underfunding for concessionary fares and free transport was about £200 million. Yet the best thing ever for getting older people active, and out and about—I advocated this myself when I was a councillor—is free transport. People travel from Glasgow up to Orkney, and down to the south of Scotland. That is keeping them out of old people's homes and out of hospital, and making them less of a burden on the welfare state.

That is all included in the report, and I hope that we will get a positive response from the Minister. He may well challenge me and say, "If there was a Labour Government, what would happen?". He is entitled to do that but, if he looks at our manifesto for the last election, he will see that we proposed substantial increases in social care funding and a lot of the things included in the report. Sometimes I get told off for bringing politics into the House of Lords; I am not sure why, because we are here as part of the legislature.

[LORD FOULKES OF CUMNOCK]

A general election may or may not be around the corner, but older people cannot wait for a Labour Government to come to power before some of these improvements get under way.

I hope the Minister will indicate that the work that has been put in by all the organisations that I mentioned, the Council of Europe and the United Nations in identifying the problem and indicating the solution will at least be picked up to some extent by this Government. If it is, I for one—I was going to say I would die happy—will continue to live in increasing happiness.

4 pm

**Lord Balfe (Con):** My Lords—

**The Deputy Speaker (Baroness Andrews) (Lab):** The Question is that this Motion be agreed to.

**Lord Balfe:** I shall try to get it right this time.

I draw attention to my entry in the register and congratulate my fellow member of the Council of Europe, George—the noble Lord, Lord Foulkes—on tabling this Motion. As he rightly said, his report was adopted unanimously, which means, of course, that our side voted for it as well. I also welcome the noble Baroness, Lady Thornton, back to the Front Bench, where I am sure she will continue to make a distinguished contribution.

As many noble Lords know, I have spent far too long in Europe and probably spend far too long following what is going on. I was interested to see that this Friday in Gothenburg there is a meeting of the Social Affairs Council to discuss social rights and the 20 principles of social rights. The Commissioner, Marianne Thyssen, has indeed said:

“We go for a Europe where our citizens come first”.

I only mention that in passing because this is yet another thing we will lose when we leave the European Union. We will no longer be part of these conversations and discussions on how to get best practice.

The report we are discussing talks about ensuring, “appropriate assistance and support for older persons living in their homes, including medical and nursing care, meals on wheels and domestic assistance”.

I regret that, of all the briefings we have received for today’s debate, none has come from UNISON, the major trade union involved, or other representatives of what one might call the workers. Indeed, the only document I have received, which is a very valuable one, is an article from the Institute of Employment Rights on why collective bargaining is needed for workers in this sector. We often forget how many people work in social care. It is 1.1 million, the same number who work in all the pubs, restaurants, bars and cafés in England put together, but these are an unsung army. These are the people you see at 5.30 in the morning by the bus stop, going to help to get people up. They are the backbone of the social care system in this country, but sadly they often go unrecognised. Part of the reason for that is because it is very difficult to enforce individual rights if you are basically a lone employee of a privatised service.

I know that we have saved lots of money through privatisation but we have also saved much of it at the expense of the people right at the bottom of the pile—the people who dare not claim their holidays and who are afraid to put their head above the parapet because it could mean the end of their job. I do not think my next point is a party one because I think that we have both been as bad as each other, frankly. I want to hear us say that although this work is individual in nature, we need individual rights that are easier to enforce. We have one of the weakest law enforcement structures in relation to the rest of western Europe, and we have gone backwards. If noble Lords go back to the much underrated but signal figures of the Conservative Party, Stanley Baldwin and Neville Chamberlain, they will see that, during the 1920s and 1930s, with the erection of wages councils, the protection of certain groups of workers came right to the fore—and stayed there until the wages councils began to be dismantled in the late 1970s.

We need a central collective bargaining mechanism which lays down basic principles for workers within this specialist field. The issue is not just about the minimum wage; there are also questions about, for example, sleepover allowances and casualisation. When we are told that employers cannot afford to pay the minimum wage, my reaction is that there is something wrong with the system, not with the employers.

I appeal to both parties to look at the need for a system of collective bargaining and responsibilities—an end to the excessive casualisation of this sector and an acceptance that care for the older person, which is the heart of this report, has also to include respect for the carer, who puts so much into making life reasonable for many older citizens. We have a duty to them. I thank the noble Lord for introducing this report, which enables us to look at a very wide range of problems.

4.06 pm

**Lord Haskel (Lab):** My Lords, I too thank my noble friend for moving this Motion. His qualifications date back to his time as director of Age Concern in Scotland. My qualifications simply date back.

The numbers are compelling. In this country there are now 11.5 million people over 65 and this figure will be half as much again in 10 years’ time. The Council of Europe is absolutely right to draw this demographic change to our attention in terms of human rights because we have to plan for it.

The declaration speaks of integrating health and social care services, and this is where the difficulties lie. At present, in planning for this demographic change, we have to decide where the NHS ends and where social care begins. Until we have a continuum of health and social care, we shall have only short-term solutions, dealing with emergencies as they arise.

At the moment, this changeover is held together by dedicated people—in the NHS, in the caring professions and in families. I hope the Minister will join me in acknowledging this. Surveys show that most of us would pay more tax to finance an integrated system—a solution which makes the Government very nervous. There is talk of a hypothecated tax similar to the local



authority precept. But after a while, as we all know, the numbers become cloudy and cease to differentiate between general taxation and a hypothecated tax. Integration may not be cheaper, but it would certainly give better results—because there would be continuity and balance in people's lives.

Ageing is not a genetically predetermined set of events. Over the years, research has identified—and it continues to identify—the biological processes that cause ageing. This, together with improving health at all stages of our lives, means not only that we are living longer but that we are healthier as we age. Next month incidentally, POST, the Parliamentary Office of Science and Technology, will issue a note about healthy ageing, explaining how this came about.

But in spite of this, many automatically assume that having lots of older people is a problem. They tend to think about older people almost exclusively in terms of pensions and care. We have to challenge that view and change the attitude by emphasising the right for older people to continue working and volunteering. It is part of diversity. It is also part of healthy ageing, because much of our identity is expressed through the work we do and the service we give. The Council of Europe report touches on this, but I would like to see a lot more emphasis put on it. It seems a logical outcome for all the effort that we put into healthier ageing.

The good news is that things are moving in the right direction. Business in the Community has set up the Age at Work Leadership Team, and in 2016 Andy Briggs became the Government's Business Champion for Older Workers. The Global Coalition on Aging is inviting businesses to sign up to its age-friendly business principles. BT, for instance, is an employer that has recognised the importance of this and has introduced flexible working to support older workers. Can the Minister assure us that the Government welcome these initiatives and will support them?

Finally, my noble friend, quite rightly, emphasises the human rights of older people. Of course he is right to do this, but rights are wasted unless there is awareness. Older people, their carers and employers have to know that other people have these rights, what they mean, how to exercise them, and how to seek redress. All this could well be expressed in a charter, as my noble friend suggests. Can the Minister tell us whether the Government will prepare a charter? What will they do to raise the awareness of the human rights of older people?

4.12 pm

**Lord Cashman (Lab):** My Lords, I refer your Lordships to my interests in the register and to my date of birth. I congratulate my noble friend Lord Foulkes on securing this important debate and on his excellent report. Of course, the noble Lord, Lord Balfe, will remember that I was one of the co-rapporteurs on the framework directive of 2010 from the European Parliament on combating discrimination on access to goods and services on the grounds of age, disability, sexual orientation or gender. That is still resting and blocked by Governments who do not want to take the necessary action—so there needs to be taken at national level on this important issue.

The reality is that we are failing many older people when they need us most. The Care Quality Commission's annual state of care report of 2017 found that only 2% of adult social services were rated outstanding: 78% were good, 19% required improvement and 1% were rated as inadequate. Before we congratulate ourselves, let us remember that the 1% represents 303 locations and approximately 16,000 individuals whose care was inadequate.

The report also, importantly, reveals wide variations in quality ratings between different types of homes and services. Community social care services were rated the best overall when compared with other services. Domiciliary services and residential homes received similar ratings. However, nursing home services received the worst ratings, with 68% rated as good, 28% as needing improvement and 3% as inadequate. Within these stark statistics are hundreds and thousands of vulnerable adults whom we are failing.

I am pleased to be reminded by the noble Lord, Lord Haskel, of the issue of human rights that is predominant in this Motion. That is why I turn specifically to the issues of human rights and discrimination and other issues faced by older people—in particular, people living with HIV. The Terrence Higgins Trust report, *Unchartered Territory*, surveyed nearly 250 people living with HIV across the UK, all of them aged over 50. Some 58% of respondents were defined as living on or below the poverty line. Over one-third of individuals living with HIV were reliant on social security payments. Some 84% were concerned about future financial difficulties and a third of respondents were socially isolated. Some 79% were concerned about memory loss and cognitive impairment in the future and how they would cope with managing multiple health conditions.

The challenges are many and varied. There is a difference in needs and experience, depending on whether an individual was diagnosed before antiretroviral drugs were available or after. Individuals diagnosed before treatment was available were more likely to have more additional health conditions. Social care is not currently meeting the needs of people living with HIV as they grow older because they face the prospect of managing multiple long-term conditions that are made more complex by their interactions with HIV. Even those who have been able to access social care have faced discrimination from social care professionals due to their HIV status. This discrimination is fuelling myths and stigma around HIV by treating people living with HIV differently from other social care users.

The Minister and his department will also need to address discrimination faced by older LGBT people. Care providers need to recognise and respect LGBT identities and should ensure that LGBT identity is not marginalised, nor rendered invisible, and that LGBT elders are not outed deliberately or inadvertently. There are human consequences to this. Unfortunately, the problem, as evidenced in the Stonewall/YouGov research, *Unhealthy Attitudes*, found that a quarter of health and social care staff had never received any diversity training at all. Some 72% had not received any training on the health needs of LGBT people and, shockingly, only a quarter of staff had received any training on trans people's healthcare. The training of health and

[LORD CASHMAN]

social care staff in understanding and engaging with the particular needs of LGBT+ people is an important and deliverable objective to improve the quality of life of these people.

Time does not allow me to offer the House further examples, but I ask your Lordships to imagine what it must be like to once again have to validate your life, your love and your relationships at a time when you are vulnerable and when these have been, and should remain, the one constant in your life.

4.17 pm

**Baroness Greengross (CB):** My Lords, I congratulate first the noble Lord, Lord Foulkes. We shared for many years a mutual interest in promoting the rights of older adults and many other interests, including the legal systems of our two countries regarding children and young people. As outlined in the excellent report he has introduced, the emphasis—which I share—on intergenerational work is so important, because intergenerational relationships promote the best sort of life for both old and young.

The human rights of older people are only part of universal human rights. Older people must always be treated as adults. Their rights cover not only employment—as in the US—but, in this country, the provision of care, goods and services. When services are worse, or of a lower standard than those provided to younger adults, this is an infringement of those rights and a serious form of age discrimination. When I was a commissioner on the Equality and Human Rights Commission, I headed up an inquiry into domiciliary care in this country. We found that only 50% was of an acceptable level: therefore, 50% was not, and things have certainly not improved since we did that piece of work.

Turning to social care more broadly, we know that local authorities spend £8.8 billion a year on care for the over-65s in England, and that a further £10 billion is spent on formal care services by self-funding individuals and informal carers. If local authorities, self-funding and informal care are included, the total cost of social care is similar to the annual amount that the UK spends on the NHS. The consequences of long-term underfunding are an even more fragile provider market, growing and undermet needs, further strain on informal care, less investment in prevention, continued pressure on an already overstretched care workforce and a decreased ability of social care to help to mitigate the demand pressures on the NHS. We know that this is having a huge impact on many people supported by adult social care and support services.

The extra money for social care announced in the spring Budget was a step in the right direction, but it is only one-off funding that decreases each year and stops at the end of 2019-20; it is not a long-term solution. A report by the London School of Economics found that 1 million older people reported poor or inconsistent standards of dignity and respect when in hospital, and even not getting enough help to eat. The last CQC report found that levels of inadequate care had risen, with 25% of services not considered good enough. Stories of abuse and neglect within both residential and nursing homes are still far too common,

and Health and Social Care Information Centre figures show that the majority of all safeguarding concerns relate to people of 65 and over. Inequalities in life expectancy are also very serious and have been rising, particularly for women.

So there is a huge amount that needs to be done. Supporting longer, healthier lives must be a critical priority for the Government and employers, as well as for people who experience social care. Only through such an effort will we be able to succeed in a number of key policy areas such as raising the state pension age and securing a sustainable health and care system. Human rights are universal; they do not lessen with age. If we forget that, we of all ages are equally lessened.

4.22 pm

**Baroness Massey of Darwen (Lab):** My Lords, I thank my noble friend Lord Foulkes for introducing this important debate with his usual vigour and enthusiasm. He and I are members of the UK delegation to the Council of Europe, so I have had the pleasure of following the development of this report on the human rights of older people over the last year. My noble friend has done a most thorough job of exploring many angles of the issue of ageing. I shall touch briefly on three of them today: legal and policy frameworks, the concept of “active ageing” and end-of-life care.

I remember seeing some years ago what was once a familiar road sign warning: “elderly people crossing”. Noble Lords clearly remember it. The man was bent double with a walking stick, with a helpless-looking woman at his side. It was criticised for being stereotypical. My noble friend’s report tries to counteract such stereotypes, which, like all stereotypes, are damaging and oppressive. Indeed, they may contribute to older people’s views of themselves—how they should look and behave, and so on. It must be damaging for their mental health, to say the least.

In your Lordships’ House and elsewhere, I usually discuss the other end of the age spectrum: children. Whether we are talking about children or older people, though, policy frameworks are important. Those of us involved in children’s issues have the Convention on the Rights of the Child to draw on. We use it as a kind of touchstone—a charter, to use my noble friend’s word. As my noble friend points out in section 2 of his report, there is no international legally binding instrument devoted to the rights of older persons. Many of us have called for one, including the UN independent expert on the enjoyment of human rights by older people. The European Convention on Human Rights applies to older persons, even though it is not explicit. The European Social Charter contains several articles relevant to older persons. The Council of Europe and its Parliamentary Assembly have promoted the rights of older people. The UN is actively working on this. There is concern: it needs to be pulled together.

When I talk about children’s rights, I always say that it is not only about protecting children: it is about empowering them. My noble friend is supportive of this concept for older people. A growing proportion of the population that is inactive and dependent is not only expensive for the state, but it is a waste of energy

and talent. I am a great believer in prevention: we could improve systems to educate people when younger to help themselves through diet, exercise and ongoing mental activity. We should do more to support people through social systems. We know that many older people experience infringements of their human rights in later life. A recent Care Quality Commission report reveals inadequate and inappropriate levels of care and safety concerns. The noble Baroness, Lady Greengross, referred to this earlier.

Inevitably, of course, people die, and many are by no means elderly. I witnessed a dignified death when my brother died of cancer last year. Dying can be dignified for the person and, importantly, for the relatives and friends. My brother died in a beautiful hospice in Cheshire surrounded by flowers and cheerful, dedicated people after wonderful care. Some of his last words to me were: “You’ve got to sort out this hospice funding situation”. It is a situation that I was unaware of and I ask the Minister to clarify it. It seems that, if a person at the end of life goes into a care home, the money follows the patient. If they go into a hospice, however, the money does not follow the patient. Hospices are funded through their fundraising and bequests. I do not know why this should be. Hospices seem to me to be an excellent model for end-of-life care. Perhaps the Minister can explain.

Again, I thank my noble friend for raising the issue of the human rights of older people. We are talking about human dignity, support and empowerment, which are all absolutely key to any human rights.

4.27 pm

**Lord Lipsey (Lab):** My Lords, by far the worst abuse of older people is poverty. This welcome debate covers many other forms of abuse—ageism, elder abuse, inadequate care—and they are all very important. However, it behoves us to remember that, according to official figures, some 1.9 million older people live in poverty, which means that their income is below 60% of median earnings in this country. That is one pensioner in six.

Half a century ago, we were all very conscious of pensioner poverty. For one reason or another—perhaps because of better pensions and the rise in home ownership—that recognition has declined. Now, instead, people are talking about intergenerational fairness, which means giving older people less and younger people more. The research, including the excellent book by the noble Lord, Lord Willetts, has emphasised that the older generation has done increasingly well while the younger generation—generation rent—struggles. There is something in this, but it is a gross and important oversimplification. Rather than thinking of the elderly as one generation, we should think of two groups of elderly people. One group—I hope noble Lords will forgive me—is people like us, who are doing quite well. We enjoy wealth in the form of owning valuable homes that can be easily turned into cash through equity release. That wealth will be tax-privileged when we die, and on top of that we have had the chance to build pensions through our lifetimes: employer schemes, personal pensions and self-enrolment, which is now adding to our numbers. Meanwhile, the state has gone out of its way to hand us more dosh.

The noble Lord, Lord Foulkes, referred approvingly to the triple lock. The triple lock is an absolute disaster, making us richer at the expense of much poorer working people—free bus passes; at 75, free TV licences. Last night I got home to find a large tax bill and with it, guess what? A piece of paper awarding me my winter fuel payment of £100—tax free, naturally. I have dispatched it to charity.

However, another group, the 1.9 million I referred to earlier, is materially seriously deprived. They do not own, they usually rent. They may not have adequate state pensions because they have not had the earnings record to get one, so they are forced back on to means-tested help. If they need care outside their own homes, they will be forced back on to the care that the local authority can provide. Local authorities now provide care only to people in gross need—care that is so cheap that it struggles to be inadequate. Those people cannot even look forward to leaving their struggling kids an inheritance.

These problems stem, in part, from deep social inequalities affecting all generations at all ages. However, in the case of the elderly there is one other factor that we should not ignore. It is a combination of the bad effects of two aspects of our politics. From the right has stemmed extreme restraint over public expenditure—*austerity*, if you like. That lies, for example, at the heart of the care crisis. At the end of the day, when all is said and done, the answer to the care crisis is more money. But I fear that we on the left have also made a big mistake through our belief that all state benefits must be universal. There has been a liberal wing drifting out from academia, and it still permeates large sections of the left. So we all get these universal handouts, I get my fuel allowance, and the result is that the money is not available to target the true causes of poverty in old age.

Yesterday I and many other Members of this House attended the memorial service of the great Lord Joffe. He was my ally in this matter. When we sat on the Commission on Long-Term Care in 1999, the majority wanted care to be a universal benefit, free to all who need it, paid for in full to the rich. Joel and I argued instead that the top priority for scarce public money was to spend it on better care services for the poor, not on these huge handouts to subsidise the rich and, more particularly, their children, who would inherit the money from them. Life is about hard choices. We can have universal benefits for the elderly, or we can target the poverty among the elderly that is making the lives of so many a misery. Alas, we cannot spend the same money on both, but I know which I would put first.

4.33 pm

**Baroness Cavendish of Little Venice (Non-Aff):** My Lords, I thank the noble Lord, Lord Foulkes, for securing this very important debate with its enormous number of issues.

I do not feel I can follow that powerful argument by the noble Lord, Lord Lipsey, without addressing it, because he has an enormously important point to make. I shall make one suggestion, which I was going to make anyway, because this issue of intergenerational equity, and the triple lock that was referred to earlier,

[BARONESS CAVENDISH OF LITTLE VENICE]  
 is becoming increasingly toxic in our political life and is dividing the generations. One way through it would be to look in the round at all the benefits that go to the over-65s. We need to take the pensions, the bus passes, the personal independence payments, the care allowances—a huge number of benefits go to certain people in that age group—and set them against the increasing lifetime costs that those people face, especially the group who develop multiple chronic illnesses quite early. I suspect that many of the 1.9 million that the noble Lord, Lord Lipsey, referred to may be in that category. They develop those illnesses at quite an early stage, they find it difficult to continue to work and they are stuck in what I agree is a completely different group. I just wanted to make that point.

I sat on the board of the Care Quality Commission for two years between 2013 and 2015. I assure the noble Lord, Lord Foulkes, that we inspected care homes, though perhaps not regularly enough. As other noble Lords have mentioned, the CQC has uncovered some absolutely terrible and shocking cases of abuse. That does not mean it is perfect, but at least there is now a mechanism. I was also the author of the independent review into the 1.3 million unregistered workers in health and social care. As the noble Lord, Lord Balfe, said, they are, on the whole, deserving of our respect. One thing I was trying to do in the report was raise their status and recognise what they do. This is far too often still referred to as “unskilled”, but is actually deeply, deeply skilled and requires enormous maturity. I am glad to say that the Government have implemented some of my recommendations on training and the care certificate. I encourage them to keep moving forward on the idea of there eventually being one workforce across health and social care.

Some excellent examples of progress are now being made, particularly in Manchester, in pooling budgets and services for the over-65s. One of the missing pieces, however, will be that single workforce, with a common skill set and training. Partly as a result of the multiple chronic illnesses I referred to earlier, there is now a blurring of the lines between the jobs of healthcare assistant, district nurse and domiciliary care worker. It is increasingly difficult for people in the domiciliary care space who are going into homes where medical needs are quite acute. I would encourage more work to be done on developing that sort of joint training. We might perhaps consider including in this some of the relatives and volunteers who do so much of the caring work. They might benefit from some of that basic training and gaining that status.

I have two more points to make, the first about continuity of care. This has not been mentioned and is often overlooked. It is particularly important for frail elderly people, whether they are in a hospital ward or at home. The constant turnover of people in home care is obviously a difficulty for the sector, which is partly to do with money. However, in hospitals a bit more work and consideration need to be given to nursing shifts where, for some unknown reason, the same people reappear in a different part of the hospital for their next shift. That would make a substantial difference to a lot of very confused elderly people who are disoriented and some of whom have dementia.

Lastly, I entirely agree with some of what was in the report about negative stereotypes. There has been a lot of research in the US showing that negative stereotypes about older people being a burden influence enormously the way they feel about themselves and actually accelerate the process of ageing. Those of us in the media need to take more responsibility for the way we sometimes describe people without thinking. This is not malicious—it is just the way people talk in society—but the more that those in this House can do to challenge specific examples of it, the better off we will all be.

4.38 pm

**Lord Sawyer (Lab):** My Lords, I also thank my noble friend Lord Foulkes for initiating this extremely important debate. When I reflected on what to say in my five minutes, I intended to talk about something that has not been widely covered: isolation and loneliness among old people. I am going to change tack a little, but it is important that isolation and loneliness are addressed. The impact of being lonely on old people has recently been matched to the effects of smoking 15 cigarettes a day. When talking about comprehensive care for older people, we have to include a proper understanding and examination of the effects of isolation and loneliness.

I am sure all noble Lords will have heard similar stories, but I was told about a GP’s surgery in North Yorkshire, where I spent some time recently, at which a number of regular patients have nothing medically wrong with them. They book weekly appointments with the doctor because they want someone to talk to. I am sure that situation is not unusual, but it is a damn shame that it gets to that.

There is a great example for all of us in the new Jo Cox Commission on Loneliness. If noble Lords have not heard of it, it is well worth taking note of. It works in partnership with charities, supporting older people and carers. It puts a lot of emphasis on chatting, being happy to chat to neighbours, relatives and people in need of company. I think the commission is doing a great job by emphasising the power of talking. It sounds simple, and it is, but it needs to be done.

I want to move on now to join the noble Lord, Lord Balfe, whose speech motivated me to get up and say something quite different from what I intended to say. I thought it was great advocacy of people politicians never talk about: low-paid care workers. It was amazing that it came from the Conservative Benches. Perhaps the noble Lord is on the wrong Benches. How do we know? It was a very good speech and made me realise. Why Unison has not sent the noble Lord a briefing, I do not know, but the noble Lord made me revisit in my mind as I was listening to him the importance of making sure that we pay, train and look after care workers in the way we look after any other professional and do not see them as people at the bottom of the pile who always get attention at the very end when everybody else has had an opportunity to take their share.

When I was a young union official, I used to negotiate for those people. When they were employed by local authorities, as the noble Lord will remember, they were all covered by national agreements. Their pay, conditions and holidays were all covered, and so

was their training and development. It was not very good at the time, but it was still covered, and there were still opportunities that were laid down at national level. The thing that changed all that, as we all know but it has to be said again and again, was privatisation. The privatisation of the caring services led to fragmentation of employers, some of whom, to be fair, have been reasonably good at doing the right thing. Others, however, have been pretty lousy at it and have not paid people properly, motivated them or engaged them in what the real job is about. This touches on the point made by my noble friend Lord Cashman, who made another speech that really moved me. How do we expect to get a fair deal for LGBT people when we do not get it in the sector at all? There will always be that problem unless we really address the pay and conditions of people who work in that sector and value them.

I do not think this will happen under a Conservative Government because it is essentially about cash. It is about saying that we respect people and value their work enough to say that, despite all the other pressures on us, we are going to make more resources available to pay them above the minimum wage, which is basically where they are now, and pay enough money to give them proper training and development. It is not going to happen, but I think it is a good test for the next Labour Government who come along. If a Government can do something about this problem, that is a good way of sending a signal that they really want to do something to help the older population and people who need care and attention.

4.42 pm

**Lord Jordan (Lab):** My Lords, I, too, thank my noble friend Lord Foulkes for bringing forward this important subject. I will take a practical look at what I see as a highly complex issue. My noble friend tells us that those aged 65 and over are expected to number 16 million by 2030. When we consider the current impact on the health and social care system of the ageing population, with two-fifths of national health spending devoted to people over 65, we see that the implications for the NHS of the growth trend in those over 65 are quite staggering. The potential effects on tomorrow's health services will be of crisis proportions unless today's problems are tackled intelligently.

It is certainly encouraging that the UN and the Council of Europe have recognised the issue and the rights of older people. There is tremendous value in international charters and conventions that set out necessary human rights. I, along with others, have campaigned for many of them. But that is where the real work begins, for how many countries have signed such agreements, only to pay lip service to what they regard as international wish lists? Climate change is a good example.

I remember meeting Dr Manmohan Singh when he was the Finance Minister—later to become Prime Minister—of India and trying to convince him that a social clause was needed in world trade agreements. He said that he was convinced personally but that India and other developing nations did not believe that a social clause served their economic interests. He was a truly honourable man, but the economic interests

of India came first. I tell the story because I believe that it is at the heart of what we are debating. We have to show our Government and every other Government that finding solutions to the problems of older people will be one of the most economically rewarding tasks they will ever embark on. I believe we can and I believe we must.

My long association with the manufacturing industry, together with a more recent period as president—and now vice-president—of the Royal Society for the Prevention of Accidents, has taken me on a more pragmatic path to progress this issue. The particular issue I would concentrate on is what I think older people see as their main priority: health. I have seen the remarkable results that can be achieved where prevention has been the driving force. Since the Health and Safety at Work etc Act 1974 was introduced, and prevention became less economically painful to employers than paying for damaged lives, we have seen an 85% reduction in workplace fatalities and a similarly impressive reduction in injuries, thus lifting a significant and needless financial burden from the NHS. RoSPA, with others, successfully campaigned for the introduction of seat belts in cars; the law was passed in 1989. Since that time, the number of vehicles has risen by more than one-third, but there has been a 66% fall in road fatalities. This preventive approach should be taken with some of the more serious problems that older people face.

Take the biggest preventable problem faced by older people: accidents. There are more than 250,000 fall-related emergency hospital admissions every year for serious injuries involving over-65s in England alone. Where there has been a targeted and collaborative approach, such as the one that took place in the West Midlands involving the Government, RoSPA and the local authority, aimed at preventing this type of accident among older people, significant results have been achieved—in this case, a 38% reduction in the number of over-65s attending A&E as a result of a fall.

Neither we nor the Government can solve all of the many and serious problems that older people face, but the Government must understand that acting to prevent the problems of the old is infinitely more cost effective than throwing money at their consequences. They should know also that there is an army of organisations and charities eager to partner them in a common objective of tackling the problems that older people face. I call on the Government to seize the opportunity that has been presented to them to deal with this, one of Britain's most serious problems.

4.49 pm

**Lord Rea (Lab):** My Lords, my noble friend Lord Foulkes has done an excellent job as rapporteur for the Council of Europe's Parliamentary Assembly, and we should thank him for presenting this report so well. It is an important contribution to the increased international concern for the human rights of older people. Your Lordships' House is uniquely qualified to debate this issue, since exactly half of our membership is aged 70 or over. In fact, the psychogeriatrician Professor Tom Arie once described the House of Lords as an excellent model for a psychogeriatric day centre.

[LORD REA]

The report to the Council of Europe is thorough and cogent. It lists 14 measures that states should take towards,

“combating ageism, improving care for older persons and preventing their social exclusion”.

It says member states should,

“adopt a charter of rights for older persons in care settings to be used, inter alia, to empower older persons, as well as in the monitoring of long-term care institutions by an independent body”.

This has been touched on by several noble Lords already. The CQC is definitely a step in the right direction, but it needs better funding and more qualified staff. Here, I echo several other noble Lords who have spoken.

The purpose of the report is to stimulate Governments to take action to enact its recommendations, but it is not mandatory. If it were to be made part of an international convention, to be ratified by each of the states party to it, action would be more likely to follow. As the noble Lord knows, and as my noble friend Lord Foulkes mentioned, the UN has, since 2010, been hosting annual meetings of a working group on ageing. This is open ended, as my noble friend says, and is working towards the creation of a suitable UN convention on the needs of older people, to be ratified by member states.

However, a declaration such as the one we are discussing can still be influential in steering UN and national policy. I hope that it will influence the UN working group as it draws up a document to serve as a basis for an international treaty or convention. Perhaps the Minister can tell us about the progress being made by this group, and particularly the contribution of the UK representatives.

Life expectancy is increasing, but healthy, disability-free life lags behind by five to 10 years, strongly related to the level of social deprivation. Not only do those of lower socioeconomic status live shorter lives, but for more of that shorter life they live with disability, as has already been alluded to by several noble Lords. Many of the health problems of the old have their origins earlier in life. Most of their disease burden is due to chronic non-communicable disease—obesity, diabetes, cardiovascular disease, stroke, dementia and cancer—which is to a greater or lesser extent preventable, or at least whose onset can be postponed. A person with less disability in old age has usually had a lower burden of disease throughout life. Improving the health and lives of older people cannot be separated from measures needed to improve the health of the whole population. This is strongly influenced by the social determinants of health and disease, a topic which we have debated in the past in your Lordships’ House and which we will certainly debate again in the future.

4.54 pm

**Baroness Thomas of Winchester (LD):** My Lords, I speak from the Liberal Democrat Front Bench tonight. I was going to declare an interest as an older person, but I am in such good company I will just declare an interest in having a small amount of self-funded care. To the noble Lord who said we must look after our

care workers, I would say that I have my care worker’s children here to do some work experience, and we are very good friends in other ways too.

This debate is extremely welcome but could last several days rather than two hours because of the number of issues raised by the excellent report from the noble Lord, Lord Foulkes. What age does age discrimination start at? What are we going to do about social isolation? Is there abuse of older people in all care settings to some extent? Perhaps, but we do not know. Then there are all the different kinds of care an older person might receive, either in a care home or their own home.

Sadly, the time we hear most about the mounting difficulties in this area is when hospitals report that an elderly person has been ready to be discharged for months but no suitable arrangements can be made. It is classic bed-blocking, as the noble Lord, Lord Foulkes, mentioned. This makes all elderly people feel vulnerable because it is entirely negative—a word referred to in the report and this afternoon in the debate. This negativity, allied to a feeling of guilt at being old at all, and therefore a burden, is not a good place for anyone’s mental health. The mental health of elderly people is one thing we have not talked about much.

Although the financing of care is not the focus of this debate, it is bound to be one of the headline issues, as we have heard from some of the telling speeches so far. I see that it is the fifth bullet point in the noble Lord’s report. There is no doubt that someone looking down at Great Britain from outer space would think we were mad to be spending less in real terms on social care than we were seven years ago, in spite of the recent injection of some money in the spring Budget. This is at a time when the number of people getting older and needing care is growing.

We must have known about this demographic for years now, as the noble Lord, Lord Foulkes, said. Is it due to the fragmentation of care services that the message does not seem to be getting through with enough urgency? Responsibility for adult social care is split, with health, local government, the benefits system and equalities all involved. Whatever the reason, the human rights of older people would be much better protected in the care system if there were more money to spend on as high quality care as possible, with properly trained and better paid care workers spending as long as is necessary to do their job.

We also need far more suitable supported housing for those who can live independently into old age. In order to put funding on a sustainable financial footing, my party would put a penny in the pound on income tax to raise some cash immediately for both the NHS and social care systems. The noble Lord, Lord Haskel, spoke particularly about that. We advocate establishing a cross-party health and social care convention to carry out a comprehensive review of the sustainability of NHS and social care finances, and a monitoring agency similar to the Office for Budget Responsibility. The latter would report to see how the whole system was getting on, and how much was needed to meet the costs of projected increases in demand and any new initiatives, in order to make sure that changes in services are properly costed and affordable.

In general, we agree with the report about bringing NHS and social care together into one seamless service, pooling budgets in every area and developing integrated care organisations—an aspiration shared by many other groups. After all, where does the NHS's responsibility end and that of the care services begin?

We would guarantee the right of all NHS and social care service staff who are EU nationals to stay in the UK. The UK needs 1.6 million health and social care workers up to 2022 to replace those leaving the profession, including European nationals who have already jumped ship. While on the subject of care workers, the ones I know who travel to people's homes are trying their very best to do all they can for their clients, against the odds. They are not paid for travelling between clients so they often have an impossible task, particularly in rural areas, in trying to fit an hour's work into half an hour, or half an hour into fifteen minutes.

It is not always recognised how important home carers are in an elderly person's life. They often have to contact a doctor, a neighbour, the next of kin, or sometimes the police, so they really are on the front line, and we pay them very poorly. They also tell me that they often have to listen to some outspoken comments from those they care for who may come from a different ethnic group. But they do not complain because they make allowances for the person's age and state of health. If that person goes into hospital, a home, or dies, then the carer from that moment is not paid. There is no period of grace.

In many ways, talking about the human rights of older people reminds me of the debate around the human rights of disabled people, which has never sat very comfortably in the Equality Act. The aspect which is familiar to me from that agenda is the right to independent living—the right to have a life, basically—and if possible, a working life for disabled people, paying taxes rather than only picking up benefits. However, each group also needs to have a social life. It cannot be right for older people needing care not to be able to get out and about, go to events, see people, go shopping, et cetera. It should not be enough just to help them wash, dress and eat, and then for society to forget about them. This is surely where communities or neighbourhoods might step in, as they have in the remote Scottish islands of Rum, Eigg and Muck.

We are, in general, a more caring society than people think, and not as good sometimes as some much poorer countries in looking after our elderly citizens. But someone has to take a lead in taking the concept of care beyond the minimum. A lot of churches do this, but what about the increasing number of mayors in our country? Could they not be asked to oversee this sort of involvement and undertake some social activities for elderly people? When I arrived in London 42 years ago, I joined my local contact group, which took elderly people living on their own out to tea once a month to someone's home. My cell was organised by a barrister's wife, who managed to capture as many judges as she could as they usually lived in big houses in picturesque surroundings. They quite often opened a bottle of wine in the kitchen afterwards—though I should not say that.

The noble Lord's report says that member states or civil society should foster and promote human rights in this field. The challenge is how to begin the process of involving the whole community in this endeavour. We owe a huge debt of gratitude to the noble Lord, Lord Foulkes, for initiating this debate today.

5.04 pm

**Baroness Thornton (Lab):** My Lords, I join other noble Lords in congratulating my noble friend Lord Foulkes on bringing this debate to your Lordships' House today and on introducing it with his usual verve and clarity.

We have had a great debate, which has, of course, shed light on the range and challenge facing us all as we get older. I thank the noble Lord, Lord Balfe, for welcoming me back to the Front Bench. I also hope he might try to do something about zero-hours contracts and outsourcing, which he referred to in his speech and which lie at the heart of his party's economic and public policy.

As I reached the age at my last birthday which, I gather, tipped me over into the realm of "older person", I wondered whether I should declare an interest. Then I realised, looking around the Chamber today that, with the exception possibly of the noble Baroness, Lady Cavendish, and, of course, of my ever-youthful noble friend Lord Cashman, we are mostly in the same boat.

Longevity is a cause for celebration, as well as for the concerns that have been expressed. My noble friend Lady Massey mentioned the stereotyping of old people. Her speech made me want to go out and dye my hair purple. I am very pleased that the Labour Government championed the rights of older people and enshrined age discrimination in the Equality Act 2010. It says that you should not be treated differently because of your age. It reflects the Human Rights Act 1998, the European Convention on Human Rights and the United Nations convention on the rights of older persons. The noble Baroness, Lady Greengross, is absolutely right. Human rights do not lessen with age.

I should like to raise an issue of discrimination with the Minister—the flagrant injustice done to all women born in the 1950s who are affected by the changes to the state pension law through the 1995 and 2011 Acts. I have two sisters who are affected by it and I just missed the cut-off by a whisker. This debate is about inequality and justice. The Conservative Government's Pensions Act 1995 included plans to increase women's state pension age to 65—the same as men's. I think that everyone would agree with that equalisation, but I do not agree—and neither do many women—with the unfair way in which the changes were implemented in the Pensions Act 2011. There was little or no information for those affected and no time for them to make alternative plans. Retirement plans were shattered, with devastating consequences. What are the Government going to do to mitigate this injustice to this cohort of older women?

The second matter I should like to raise with the Minister is one which many noble Lords have mentioned: the crisis of funding in the provision of social care. The old and those with serious conditions, and the

[BARONESS THORNTON]

co-morbidities that go with them, bear the brunt of the squeeze in funding in the NHS, the reduction in spending on social care and the Government's incoherent strategy—perhaps I should say lack of strategy—for integrated care. Council-funded social care was reduced from £16.6 billion in 2011 to £15.6 billion in 2016-17—a real-terms reduction of 6%. I thank the Local Government Association and Age UK for their brief. Councils have worked hard to protect adult social care spending in cash terms. However, the LGA's latest analysis on the funding gap faced by councils shows that this approach is not sustainable. The LGA estimates that local government faces a funding gap of £5.8 billion by 2020, £1 billion of which is attributable to adult social care and includes only the unavoidable costs of demography, inflation and the national living wage. The figure excludes other significant pressures, including addressing unmet need. The scale of the funding gap and the crisis of unmet need is widely documented, not just by independent think tanks such as the Nuffield Trust and the King's Fund but by the voluntary sector: Age UK, Sue Ryder and many others.

Given the important role that social care services play in supporting elderly and disabled people, it is crucial that the Government use this autumn Budget to take immediate action to address the adult social care crisis. Although I do not expect the noble Lord to share with us or to reveal what might be in the Budget, I hope that he and his colleagues agree that this is a cause worth fighting for. Have he and his colleagues done so in this spending round?

Finally, I ask the Minister when the Government will publish their planned consultation for proposals on the sustainability of social care. Hopefully, we can then start building a sustainable system for the future.

5.09 pm

**The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con):** I congratulate the noble Lord, Lord Foulkes, on securing the debate and I pay tribute to all noble Lords who have contributed to what has been a very interesting and challenging debate at times. The Government were pleased to see the publication of the Council of Europe report on this important issue in May this year; as the noble Lord pointed out, we have had a chance to discuss it before. He is to be commended for leading such a high-quality piece of work; we would expect nothing less. I also welcome the noble Baroness, Lady Thornton, back to her role on the Front Bench. I look forward to many more of these exchanges in the months ahead; she is clearly going to keep me on my toes.

The human rights of older people are what are in question here and, of course, they are no different from those of other citizens. What differs are the means needed to uphold those rights because of the specific needs of older people themselves including, critically, the care available to them later in life. As all noble Lords have pointed out, an ageing population presents the UK, in common with the developed world, with one of our most profound challenges. It raises critical questions as to how, as a society, we enable all adults to live well into later life and how we deliver sustainable public services that support them to do so.

But it presents huge opportunities, too—socially, economically and dare I say it, morally. The care and respect that we provide to older people is the litmus test of the values that we hold as a society.

I believe that the Government recognise the scale of this challenge and are responding to it. I hope that the noble Lord—indeed all noble Lords, though I have a sense that they may not have—will have seen that, at 2 pm today, my right honourable friends the First Secretary of State and the Secretary of State for Health published our plans to produce a Green Paper on social reform by summer next year. The announcement makes it clear that, to achieve reform where previous attempts have failed, we must take a broad view. The Green Paper will cover: social care funding and, of course, issues of means testing; social care services, including continuity of care, as the noble Baroness, Lady Cavendish, mentioned; wider networks of support, such as the role of carers; the role of housing; and interaction with other public services. It will consider how technology, innovation and new workforce models can deliver better quality and value. It will be underpinned by the 2014 Care Act, which introduced national eligibility criteria for access to adult care for the first time, and by £2 billion in additional funding over the next three years to support social care. Part of the purpose of that funding is of course to reduce delayed transfers of care—what the noble Baroness, Lady Thomas, quite rightly described as, in the pejorative term, bed-blocking. I completely agree with her that that is not a term that we want to use or endorse.

To take forward the work towards the Green Paper, a group of independent experts, including Sir Andrew Dilnot and Dame Kate Barker—who have both led reviews into social care in the past—and, from our own House, the noble Baroness, Lady Lane-Fox, will support government engagement with a range of stakeholders including, first and foremost, care users, their families and those providing care in whatever setting, to debate the issues and build consensus. Noble Lords are a treasure trove of expertise on this issue and it is critical that their voices are heard. That is why the First Secretary of State has written to invite the chairs of all relevant all-party parliamentary groups to meet him, so that he can listen to their views.

An interministerial group has already been established to oversee the policy development process. Our aim is to build consensus around reforms which can last. Once the Green Paper is published there will of course be a full public consultation to provide further opportunities for all interested parties to add their perspective. The Government's plan is bold in intent and ambitious in scope. I hope that everyone who has an interest in social care sees this as a fantastic opportunity to achieve the lasting and sustainable change that has so far eluded us.

Reform of this vital sector has been a controversial issue for many years but the realities of an ageing society—as noble Lords have pointed out—mean that we must reach a sustainable settlement for the long term. It will no doubt require difficult choices about what that system should provide and how it is paid for. But getting this right promises a better system that everyone can have confidence in, where people understand their responsibilities, can—critically—prepare for the



future and know that the care they receive will be to a high standard and will help them maintain their independence and well-being.

As these plans for social care reform show, this Government's ambition is to make the country a good place for everyone to grow old. The noble Lord, Lord Foulkes, accused me—somewhat unfairly, I thought—of lacking specifics in previous answers, so I am going to give some very concrete examples of what we are doing to support older people. We as a country are proud to lead the world in tackling age discrimination. The Equality Act provides robust protection against both indirect and direct discrimination in employment, and in February the Government published a strategy called *Fuller Working Lives*, which aims to increase the retention, retraining and recruitment of older workers by bringing about a change in the perception and attitudes of employers.

Many older people want to carry on working, and of course the coalition Government abolished the default retirement age and extended the right to request flexible working to all. It is therefore hugely encouraging that the number of older workers is at a record high—and not just because of the growing size of the House of Lords. I should add that I am doing my bit. Just yesterday, as happens every Wednesday, I had my parents looking after all three of my children—so I am keeping them active in their retirement, too.

Huge progress has been made under successive Governments. The noble Lord, Lord Lipsey, mentioned pensioner poverty. It is still too high, at 16%, but that is compared with 40% in the 1980s. The pension credit provides a guaranteed minimum income to help tackle pensioner poverty in Great Britain, and over time the new state pension will reduce the need for means testing.

Beyond social care, we are taking action in a number of areas to support the comprehensive care of older people. One of these is the inclusion, by 2020, of training in geriatrics and prescribing for older people within all medical curricula, so that there will be additional support throughout every part of the NHS. The 2017-18 GP contract set out a requirement for the identification and management of patients aged 65 and over with frailty, to ensure that they receive an annual medication review. Where clinically appropriate, the GP will discuss whether the patient has fallen in the past 12 months, and provide any other clinically relevant interventions.

Of course people want to be at the centre of their own care, making sure that it responds to their own needs—which is why the Government have simultaneously extended both personal health budgets and integrated personal commissioning, as well as promoting the integration of health and care services through the sustainability and transformation programme that is the centrepiece of the NHS's five-year forward view.

The noble Lord, Lord Haskel, and the noble Baronesses, Lady Thomas and Lady Thornton, raised the issue of integration of care. All parties are aiming towards that. There are different versions of this, but bringing together care for people who experience it, and who do not want to have to distinguish between primary, secondary, community,

social and so on, is essential as the health needs of our population change around ageing and comorbidity.

Personalisation is therefore behind these ambitious plans, as well as our plans to digitise health services—a passion of the Secretary of State's. The potential for mobile technologies to support an ageing society, to combat loneliness—which, as the noble Lord, Lord Sawyer, pointed out, has such a pernicious effect in old age—and to provide real-time diagnostics is a rich seam that has only just started to be explored. New services, such as the GP at Hand pilots, hold huge opportunities for older people who need to see a GP but may be too frail to leave home.

Home is at the centre of providing for good care and for the human rights of older people. At heart, growing old safely and happily needs a good home. We know that most older people would prefer to live at home in their later years, which is why we have seen an increase in domiciliary care and sheltered housing. Others will want or need to be in a residential or nursing home, so the quality of that home and the care provided within it are everything. As the noble Lord, Lord Cashman, pointed out, the Care Quality Commission's October *State of Care* report said that about four-fifths of residential homes achieve good or outstanding ratings—although I accept that only 2% or 3% are outstanding, and that could be better. For domiciliary care services the figure was 83%, and for community social care 88%.

The noble Baroness, Lady Greengross, talked about the work she did, when only 50% of care was judged to be good enough. I am not sure what year that was, but I hope that we have seen an improvement. The fact that those inspections are happening is helping to drive quality. The *State of Care* report highlights variation, and points to some evidence of deterioration. The CQC is looking at this quality, including the deterioration of good and outstanding providers, but it is reassuring to see that 82% of providers that had been rated inadequate had improved by their next inspection.

Providing good care in the home means supporting carers as well as care workers. That is why it is so positive that the role of carers has been wrapped into the overall social care reform programme that I described earlier. I pay tribute to all those, paid and unpaid, who look after older people and provide the dignity and respect that they deserve. Adults with dementia are particularly vulnerable, so I am sure all noble Lords will welcome the fact that over 2 million people have been trained to be dementia friends to support sufferers of this horrible disease.

As several noble Lords have pointed out, making sure that there is good care also means rooting out and, where necessary, taking professional or legal action against the despicable minority who abuse vulnerable older people. That is one reason that we introduced a new crime of wilful neglect, which came into force in April 2015. Looking ahead, the draft Domestic Violence and Abuse Bill will strengthen the Government's powers to respond to physical, psychological and economic abuse in domestic settings, and we will launch a consultation on proposals soon.

[LORD O'SHAUGHNESSY]

However, it is important to emphasise that this is only a minority and that the vast majority of people looking after older people work with great dedication and compassion.

Before concluding, I take the opportunity to respond to some specific questions that I have not yet had a chance to answer. I hope that I have given some specific examples to the noble Lord, Lord Foulkes, and done so politely. I say to him that there is no need to wait for a Labour Government to act on these things. Indeed, as the noble Baroness, Lady Cavendish, pointed out, we want to avoid the political toxicity that can accompany such issues.

My noble friend Lord Balfe and the noble Lord, Lord Sawyer, suggested that collective bargaining was the way forward. Perhaps that was a reminder of the past involvement of my noble friend Lord Balfe in unions and the Labour Party. However, I am not convinced that that is the right way forward. I do not think that it matters whether a provider is in the private sector, the public sector or the voluntary sector. As Tony Blair once said, what matters is what works. It is quality that counts and that is why we need to have the staff and the training to make sure that happens.

The noble Lord, Lord Cashman, talked about discrimination in medical care. That is, of course, absolutely wrong when it is done for unjustified reasons. There can be reasons why decisions are made not to operate on older people but those must always be clinical decisions based on clinical judgments and not because of any kind of prejudice. It is important to emphasise that there are routes such as HealthWatch and the health ombudsman through which people can report instances of discrimination.

At the heart of the proposals of the noble Lord, Lord Foulkes, is the idea of a charter of older people's rights, which was endorsed by the noble Baroness, Lady Massey. It is quite right, of course, that there is such a charter for children, and, indeed, a Children's Commissioner has come from that. I hate to disappoint them, but that is not currently part of our plans. However, we will continue to watch the UN's work in this area, as was highlighted by the noble Lord, Lord Rea, with interest.

The noble Baroness, Lady Massey, also asked about the difference between hospice and care home funding. They are funded very differently. The periods of time that one would expect to spend in one versus the other is also different. However, I shall certainly write to her with more detail of how those could be aligned.

The noble Baroness, Lady Cavendish, asked about merging the health and care professions. That was an incredibly wise point. There are huge benefits from integration, not least because care is increasingly delivered in an integrated way, because of the complexities involved and because of the progression that integration offers. One of the criticisms of social care as a profession concerns the glass ceilings that exist within it; the opportunities for seniority are not there, whereas integration with the medical professions would provide that.

The noble Lord, Lord Jordan, asked about preventive action. I completely agree with him on that. He will be pleased to know that there are big increases in capital spending on the disabled facilities grants, which is going up year on year precisely to combat some of the very avoidable issues of the usability and safety of homes, for example, to provide the kind of preventive action that he is looking for and that ought to reduce the instances to which he referred.

The noble Baroness, Lady Thornton, asked about raising the pension age. The Government have taken action to limit the maximum change to the state pension age to 18 months, building on the 1995 Act at a cost of, I believe, over £1 billion, so the Government are taking, and have taken, action to address that issue.

In conclusion, I again thank the noble Lord for producing his report and instigating this debate. I thank all noble Lords for their wise and thoughtful contributions.

I would like to end where I started. The way we care for older people reflects our values as a society. As a country, we have a fantastic record of supporting and cherishing older people, but the challenge of making sure they can live their lives with independence and dignity is getting harder. We can meet this challenge only by working together, with imagination and compassion, to tackle the difficult decisions and choices that are needed, not least in the reform of social care services and funding. Noble Lords have a huge amount to contribute to this process and—as others have pointed out—because of the mean age quite a keen personal interest in it too. I look forward to working with noble Lords in that endeavour.

5.25 pm

**Lord Foulkes of Cumnock:** My Lords, in replying very briefly to the debate, I first apologise for not having moved the Motion properly at the start. Noble Lords gave me the kind of look that made me feel very guilty. I also apologise to my noble friend on the Front Bench for not welcoming her. I was going to say that the noble Baroness, Lady Thornton, and I go back a long time together, but she is very young in comparison. Still, as fellow co-operators, we have worked closely together and I am delighted that she is on the Front Bench again.

It has been a fantastic debate. I am very pleased with so many excellent speeches, which were almost unanimous, if not quite. Like my noble friend Lord Sawyer, I welcomed the contribution of the noble Lord, Lord Balfe, who was looking after the workers again. I should also have mentioned but forgot—perhaps I should have declared another interest—that my son works in this sector. He is relatively low paid and he works very hard indeed; I know care workers work very hard.

I also found the speech of the noble Baroness, Lady Cavendish, encouraging and helpful. She is right about the Care Quality Commission; it is doing a job, but it could do better. There could be more frequent and incisive unannounced inspections. The fact that there are problems shows that it is not yet working. However, she is certainly on the ball, as it were, in getting it moving in the right direction.

I was grateful for the wisdom of my noble friend Lord Haskel and for the experience of my noble friend Lord Cashman in the LGBT sector. He also did a tremendous job on this as an MEP. My noble friend Lady Massey normally champions children and I see her as chair of the children's committee in the Council of Europe—it is nice to have her move into this area as well. My noble friend Lord Rea and I used to work together in international development many years ago; it is wonderful to have him make such an eloquent speech in support.

It was also good to get such overwhelming support from the noble Baroness, Lady Thomas, from the Liberal Democrat Front Bench, and I appreciate it. Sometimes I can be a wee bit critical of the Liberal Democrats, but certainly not on this occasion. It was fantastic support. As the noble Baroness, Lady Greengross, said, she and I have also been working together for a number of years; it is nice to be working with her on the same subject again.

I am afraid I did not agree with the noble Lord, Lord Lipsey. I think he is falling into the trap of those people who want to divide and rule us. We will have the debate on universality versus means testing outwith this Chamber—we have a lot of debates outwith this Chamber—but when 1% of people in this country own 50% of the wealth, it is not the poor who should be fighting each other over who is a little better off than the rest. There are people who can afford to pay more in taxation; we will have to have that debate on another occasion.

I come to the Minister. I must say—and I say it with his boss present—that he is one of the Ministers for whom I have the greatest respect. He treats this House with great respect and answers Questions at Question Time properly; not every Minister does that. He does it very well and he listens carefully to what is said. I have been a junior Minister, too, admittedly in the other place, and I know it gives you a little more power, but you are always constrained by Secretaries of State, Prime Ministers and so on. But within that constraint, he has been helpful. I did not see the announcement about the Green Paper on social reform because we were all busy preparing for this debate. However, it is a welcome development. I do not normally welcome things from this Government but it is welcome. The way the Minister described it made it sound sensible, and it is encouraging. Let us say that it is a step in the right direction, but there are many more steps to take.

I should have said earlier that it is nice to see my noble friend Lord Pendry here. He had hoped to participate in the debate but I know he was called into hospital. However, I am glad that he has been discharged and is with us at the end of the debate.

I thank the Minister for that helpful response. I can only assure him that, as I said, the noble Baroness, Lady Greengross, and I have been going on about this for a long time, and some of us will keep banging on until we get more, and better. Our concern is to make sure that every old person lives in dignity, in some degree of comfort, and enjoys their last years as much as they enjoyed their early years.

*Motion agreed.*

## Independent Complaints and Grievance Policy Statement

5.31 pm

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

“Thank you, Madam Deputy Speaker. With permission, I will update the House on steps being taken to tackle harassment and abuse in Parliament.

As my right honourable friend the Prime Minister has made clear, there can be no place for harassment, abuse or misconduct in politics. I said we would take action in days, not weeks, and that is exactly what we have done. Getting this right matters to everyone, and I want to thank the honourable Member for Birmingham Yardley, who I know is taking a keen interest in this matter. I hope today's Statement answers her questions.

Last week, the Prime Minister convened a meeting of the party leaders to discuss this matter. All party leaders attended, and there was agreement to work together to make swift progress. The proposals outlined by the Prime Minister for an independent grievance procedure have been embraced across the House, and I am reassured by the consensus. All parties have acknowledged that any proposal must adhere to three specific criteria: it must have cross-party agreement, it must include both Houses of Parliament, and it must be independent. The new system will be available to all who work here, including all MPs' staff, Lords' staff, including Cross-Benchers', interns, volunteers, journalists and constituency staff. It was agreed that the political parties would establish a cross-party working group to take this work forward, and I am pleased to report that the group met for the first time on Tuesday.

The working group is made up of representatives from every party and from both Houses: Conservative, Labour, SNP, Liberal Democrat, Plaid Cymru, DUP, Green and the Cross-Benchers. Very importantly, MAPSA—the Members and Peers Staff Association—and Unite are representing parliamentary staff on the group, and are ensuring that their experiences and their requirements are taken fully into account. The first meeting of the working group made it clear that the voices of staff will be at the heart of this process. Any new system will need the absolute confidence of those who will use it.

The working group also agreed that the new procedure must be independent of political parties and that, to inform the group over the next two weeks, we will hear from a number of different contributors. This will include hearing from staff directly, as well as from groups, including ACAS, IPSA, the Parliamentary Commissioner for Standards, and experts on a range of topics that will help us shape a new process. Anyone wishing to submit their own thoughts or suggestions to the group in writing is also welcome to do so.

This is very early days for the working group, and we will certainly be working quickly but thoroughly to make sure we create a new procedure that provides confidence to all who use it. I know that, in addition,

[BARONESS EVANS OF BOWES PARK]

many members of staff have expressed an interest in the provision of HR training, as well as better employee support for staff. All those employing staff will need a certain amount of guidance and training to enable them to be good employers.

This week, the working group heard directly from the Clerks of the two Houses, who provided a very helpful account of the procedure used by House staff. While we have recognised that the Respect policy used by the House authorities provides an excellent reference point, the independent procedure we are seeking to build will take into account the specific needs of Parliament, and the group has acknowledged the need for more than just mediation. The working group agreed that a new system should provide support, advice and action on a wide spectrum of complaints around bullying and harassment. We will do everything in our power to ensure the solution is transparent, fair and effective. And this fairness must also apply to MPs and Peers because we recognise that, right across both Houses, we have many model employers who genuinely care about and look after their staff extremely well.

We are working to a tight timeframe, but we have all acknowledged that it is right we address this issue with urgency. The publication of the final proposal will balance the need for fast action with the need for due diligence. The working group, including its staff representatives, is considering the timetable carefully and aims to report back to the House before it rises for the Christmas recess. Madam Deputy Speaker, you and the Speaker have said you hope that all parties will live up to their responsibilities by demonstrating both an appetite for change and a practical means of delivering that change. That is exactly what we intend to do and I want to thank all parties for working together in a supportive fashion. We share this duty to bring about positive change. People come to work in this place for a number of reasons—out of public service, to support the party of their choice, or to gain new work experience. Nothing should deter them from pursuing those ambitions and I know we are all determined to ensure that this is a safe and fair place to work”.

5.36 pm

**Baroness Smith of Basildon (Lab):** My Lords, I thank the noble Baroness for repeating today’s Statement. Before I make some general comments, I will put on the record my thanks to her because she pursued the issue of ensuring that the hotline—the reporting line—that is available to all members of staff in the House of Commons is also available to members of staff in the House of Lords. I know that she made a personal commitment to that and I fully support her on that. I am glad that the phone line is now available to Lords staff as well.

I am pleased that the working party is taking a proactive, robust approach in getting the first meetings and the subsequent meetings up and running, and scheduled so quickly. It is not all down to the House and Parliament as a whole, because individual parties must also review their processes and the support they offer. I am pleased that the Labour Party is appointing an independent, external adviser for both reporting

complaints and to guide and support anyone affected by sexual harassment through our own party’s procedures. We also have an independent legal expert to review the Labour Party’s procedures and make recommendations of any further changes or progresses needed.

I mention this for three reasons. The working party cannot just respond to events: it has to have a clear process, which is what I think the noble Baroness was referring to—seeing what that clear process is. There has to be an evaluation of that process to ensure that it is respected and has the confidence of all parties involved, both those who make complaints and those who are subject to complaints. I also think the point about the guidance, support and advice is very important, because all the best processes in the world make no difference at all if there is no confidence in them and if people are not able to access or use them properly. Process on its own is not enough; it is about ensuring access to that process.

When people are reporting abuse—whether it is sexual, or inappropriate behaviour, or bullying—it is not easy and the first point of contact is often not the person who can take action or investigate it. So advice or reporting mechanisms have to be easily accessible and there has to be confidentiality in doing so. If it is a matter for the police, as the most serious cases would be, for so many people—I speak as somebody who was involved in Women’s Aid for many years—the first point of contact is not the person who can investigate a crime. It is often a friend, a colleague or their trade union. We have a duty of care to ensure that those people can engage with a friend or their trade union—somebody in a position who has a duty of care that can help and support them through the process. I emphasise that, whatever process is in place, there must be mechanisms, arrangements and indeed a whole infrastructure around it for support and guidance.

I have a few questions for the noble Baroness that I hope she can either answer or take into account and take back to the meetings. First, I would like clarification. I think she talked about everyone employed on the Parliamentary Estate, including the staff of MPs and Peers. What about the contractors who are employed not directly by Parliament but by agencies and third parties? Can we ensure that they are also included? The Statement referred to advice having come from experts on topics including violence against women and girls, employment law and best practice. Can she confirm that when we are talking about abuse, it is not just sexual abuse and bullying but also LGBT abuse and any form of racism at all? Abuse takes many different forms.

Secondly, I understand the need to move quickly, but it is worth spending the time to get this right. Planning well now to have the proper processes in place will avoid later problems in implementation. I am quite concerned that we should see a proper planning phase and then a swift implementation once we have got it right, not just a rush to judgment on the right process. If we get it wrong, the consequences for those who want to make a complaint and those complained about will be quite serious.

I am very pleased to see trade union representation on the committee. The noble Baroness will recall that last time I mentioned that my first piece of advice to

anybody working in any environment is to join a trade union, because it can offer advice and has expertise in this area. For many who have a complaint to make, their trade union will be the first point of contact. I urge the noble Baroness to ensure that the role of the trade union representative is evident throughout the process, not just in the initial reporting for those who are members. Lastly, could she say something about the role, once the working party has come to its conclusions and has a process that it recommends, of the commissions of both the House of Commons and the House of Lords?

Working here in Parliament should be a great experience, and I think for most people it is. I worked for an MP for two years; we have remained friends for many years since and it was a wonderful experience. I want it to be a good experience for everybody. Somebody coming to work in Parliament should enjoy it, feel valued in the work that they do and feel that it is rewarding. I think most do—but, where that falls short and they do not, that is when action has to be taken and we must act. We in Parliament should set an example and aim for the highest standards.

I am grateful for the report today. I hope the noble Baroness will come back with further updates as the working party commissions its work. If she can answer my questions or write to me later, I will be very grateful.

**Baroness Hamwee (LD):** My Lords, I, too, thank the Leader of the House for repeating the Statement. I pass on to her and the House the apologies of my noble friend Lord Newby, who is unavoidably—I stress unavoidably—not here.

From these Benches, we welcome the move to tackle harassment and abuse in Parliament, and agree that it is important—indeed, essential—to have an independent procedure. We believe it is important that the procedure and system are available to everyone who works here, so we welcome the inclusivity of what is proposed. We are keen for the cross-party working group to continue its work with maximum input from staff representatives. We, too, agree that it is vital that the new system comes into place as a matter of urgency but, like the noble Baroness, Lady Smith, we think it important that it is not so rushed that we make mistakes with the process. It is crucial that we get the process right and that we keep it and its implementation under review.

The need for diversity and for women in roles higher up in the structures in both Houses will not be lost on those who are speaking today. We are certainly working hard to achieve that within our own party's structure. Like all parties, we have looked at our own procedures, which we have had in place for some time, to ensure that they are robust, competitive and fall in line with ACAS guidance. We are listening to our staff and our members to ensure that our procedures are truly effective and responsive.

I have a few questions. In the past, people have clearly been deterred from voicing complaints by the threat of these coming out in the media—or forms of media. What are the Government doing? Can they do anything to ensure that people are protected from this intrusion so that they feel able to come forward? Those who are more likely to have been or to be

victims must not be punished either directly or indirectly for the actions of the perpetrators. After all, the responsibility lies with the perpetrators. What steps are the Government taking to ensure that victims do not feel any negative effects from having made a complaint?

What consideration is being given—the noble Baroness referred to this—to steps to be taken in the case of allegations that are later found to be unfounded? Our focus and concern is on and for the victims, and the starting point must be to believe what we are told, not to dismiss concerns, but that does not mean that there should be no concern for anyone who is accused and is subsequently found not to be a perpetrator.

I would like to add a personal comment. When we began to be aware of the abuses of power and position that have taken place, I felt very guilty. I thought, “How could I not have noticed this? Why was I not providing support?” It took about a week for me to remember that many years ago, I was subject to a minor act of inappropriate behaviour in the House. I realised not that I had put it out of my consciousness because it was trivial, but that I was so shocked that I buried it. That is what our minds do, and we need to recognise that the way people act when they have been subject to something so shocking is not necessarily what we might expect.

**Baroness Evans of Bowes Park:** I am grateful to both of the noble Baronesses for their comments. I thank the noble Baroness, Lady Smith, in particular for her comments about the extension of the helpline. I appreciate the support of the leadership across this House. Everyone has been very supportive in helping us to move forward, and I am sure that we will be able to continue in that vein; that would mean that the voice of the Lords would be strong within the discussions that are going on.

As both noble Baronesses said, all parties have published their codes of conduct, which will make clear how complaints will be dealt with. I believe that they are now all available, so that people are aware of them and can use that route if they so wish. I totally agree with noble Baroness, Lady Smith, that confidence in access to the new process is key; I assure her that it is in the forefront of the minds of the group as we continue our work.

Turning to some of the questions raised by the noble Baroness, Lady Smith, I will take the point about the contractors back to the group. I think it was raised in the other place as well, so I am sure that it will be discussed. I entirely agree with her point about racist and LGBT abuse; I can assure her that the group is considering harassment and bullying in the round. That is certainly something that we are considering. We expect the working group to submit a proposal to both Houses, including the commissions, for their agreement and adoption, so we will come to the House and the commissions with a proposal in order that we can ensure that both Houses agree to it.

The noble Baroness, Lady Hamwee, rightly raised the question of confidentiality around these cases. I can assure her that that was something we discussed at the first meeting. We are very well aware of this issue, and we will need to bear it in mind throughout the process.

[BARONESS EVANS OF BOWES PARK]

In relation to her point about unfounded allegations, this was also raised at the meeting earlier this week, and we will be taking it into account. It was a very good discussion, and the representatives of the two staff organisations are certainly adding a strong voice to the group. They represented the staff very well, and I hope we will do them justice in the end.

5.49 pm

**Lord Foulkes of Cumnock (Lab):** I agree with what my noble friend and the noble Baroness, Lady Hamwee, have said, but can the Leader of the House help me? One or two references have been made to Peers' staff. Can she help me find a way to employ staff that I could look after properly?

**Baroness Evans of Bowes Park:** I am sure the noble Lord would look after any staff he had properly. There are lots of websites with people available who, I am sure, would love to work for him and I can certainly help by talking to him about that if he would like.

**Baroness Donaghy (Lab):** My Lords, I congratulate the leaders of all the parties for the action they have taken so far. One of the difficulties with this area is that all the confidence and access to the procedures in the world will not prevent this being very tough going for an individual complainant. There may still be stages at which, having raised the issue, formally or informally, they do not want to proceed any longer; we all have to recognise these things. It is frustrating, but sometimes people would rather not go through the ordeal that they feel they are going through, and the procedure has to take account of that. Secondly, a good procedure will, we hope, mean that we will not get complaints years later. If people have sufficient confidence, they will not store this up for 20 years or more.

That brings me to my third point: legacy issues. We may have to acknowledge that issues that are current may not be appropriate for any new procedure: we may have to just draw the line, deal with the mess as best we can, and say, "Right, from now on, this is how it is going to be". My final point—and I hope this will be maintained throughout the discussion—is that this should be independent of the individual political parties. That will go a long way to help with any factional fighting that might take place in the future—I am not saying that it does take place.

**Baroness Evans of Bowes Park:** I thank the noble Baroness, I agree with all her points, which were very well made, and I can confirm that we are all committed to an independent process. As we all outlined, there are processes through the parties which people can choose to use if they wish, but we are very well aware that we are focused on an independent process to give staff that opportunity if that is what they wish. The noble Baroness may also be pleased to know, understanding the concern for staff and the support that they need, that from Monday, in addition to the helpline that is already available to staff, a new face-to-face counselling service will be available. We have been able to introduce it relatively quickly and it will be available from Monday.

## Hormone Pregnancy Tests Statement

5.53 pm

**The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con):** My Lords, with the permission of the House, I shall repeat as a Statement the response to an Urgent Question given by my honourable friend the Parliamentary Under-Secretary of State in the other place on hormone pregnancy tests. The Statement is as follows:

"Yesterday, the Commission on Human Medicines published the report of its expert working group on hormone pregnancy tests. As I said at Health Orals on Tuesday, Mr Speaker, this subject demands the utmost sensitivity and I will do my best.

Based on its extensive and thorough review, the expert working group's overall finding, endorsed by the Commission on Human Medicines, is that the available scientific evidence, taking all aspects into consideration, does not support a causal association between the use of hormone pregnancy tests such as Primodos during early pregnancy, and adverse outcomes of pregnancy with regard to miscarriage, stillbirth or congenital abnormalities. Ministers have accepted the advice of the Commission on Human Medicines and a Written Ministerial Statement was published yesterday, along with a copy of the report.

In the UK, hormone pregnancy tests first became available for diagnosing pregnancy in the 1950s. Between then and 1978, when Primodos was withdrawn from the market in the UK, a number of studies were published which investigated a possible link between women being given a hormone pregnancy test to diagnose pregnancy and the occurrence of a range of congenital anomalies in their babies. Although there was never any reliable evidence that HPTs were unsafe, concern about this issue, coupled with the development of better pregnancy tests, meant that a number of precautionary actions were taken to restrict the use of HPTs. The tests were voluntarily removed from the market by the manufacturers.

The body of information subsequently accrued by the Association for Children Damaged by Hormone Pregnancy Tests and other campaigners led to a parliamentary debate in Westminster Hall in 2014 during which the then Minister for Life Sciences stated that he would instruct that all relevant documents held by the Department of Health be released. In addition, he determined that an independent review of the papers and all the available evidence was justified.

The purpose of the review was to ascertain whether the totality of the available data, on balance, supported a causal association between use of a hormone pregnancy test by the mother and adverse pregnancy outcomes. It also considered whether, alternatively, the anomalies could have been due to chance alone or to other factors. The final report summarises the scientific evidence that was considered by the expert working group, its conclusions on that evidence, and its recommendations. All the available relevant evidence on a possible association has been extensively and thoroughly reviewed with the benefit of up-to-date knowledge by experts from the relevant specialisms.

The evidence reviewed by the expert group will be published in the new year, once it has rightly been checked in line with the legal duties of data protection and confidentiality. In addition to the overall conclusion, the expert working group has made a number of recommendations to safeguard future generations through strengthening the systems in place for detecting, evaluating, managing and communicating safety concerns with use of medicines in early pregnancy.

While I recognise the conclusion of the report will be a disappointment to some, I hope they will see the recommendations as positive. They are a credit to the efforts of the Association for Children Damaged by Hormone Pregnancy Tests and the All-Party Parliamentary Group on Hormone Pregnancy Tests, which I know the honourable lady chairs, and a lasting legacy”.

5.56 pm

**Baroness Thornton (Lab):** My Lords, I thank the Minister for repeating the Statement. I realise that the House is working him hard today, but he has the comfort of a huge department to provide his brief for him. In some ways, that underlines the dilemma that he and the Government face on this issue. This report has caused such dismay and disbelief among campaigners, and every MP who spoke in the Commons, that it requires the Government to use their critical faculties, listen to what is being said across the piece and look again at the report, its genesis and its lack of transparency.

I have two questions. First, will the Minister explain why Marie Lyon was told:

“I could go to prison if I divulge what was discussed”?

Does he agree that that is about as far away from transparency as it is possible to get?

Secondly, the draft of the report, which was published in October, stated that:

“Limitations of the methodology of the time and the relative scarcity of the evidence means it is not possible to reach a definitive conclusion”.

That sentence was removed from the final version. Why was it removed, why was there a delay of a month and did the Minister speak to the authors of the report about the sentence before its removal?

**Lord O’Shaughnessy:** I thank the noble Baroness for her questions. The most important thing to stress is that this report was the product of an expert working group of scientists and included an independent member in Nick Dobrik, who is a noted thalidomide campaigner and certainly not a government yes man. The chair of the families group, Mrs Lyon, was an observer. We are beholden to take the evidence of those who are best qualified and who have given their view on what link there may or may not have been between these pregnancy tests and the abnormalities. The conclusion they have come to is that, in their view, there is no causal association on the basis of the evidence they were able to consider.

The noble Baroness asked about transparency. Every single member of the expert working group signed a confidentiality agreement. That is common to all such groups in the Commission on Human Medicines. Mrs Lyon was not alone in that. That expires at the point of publication, so she is now absolutely free to say whatever she wants, as indeed is any other member.

I can reassure her that there was no particular or unusual treatment for her compared to other members of the panel or to other panels that have operated in similar ways. The minutes of all the meetings will be published. As the Statement pointed out, the full evidence set will also be published, once it has gone through due diligence.

Changes to the draft were suggested by the Commission on Human Medicines and accepted by the expert working group. There was no interference from me or anyone else—it was a discussion between those two bodies. The report was unfortunately delayed. That was in order to make sure that it was as clear and as digestible as possible for non-experts. I think the report is a very thorough and comprehensible piece of work. I recognise that it is not the response that families were looking for. In some cases, they have experienced horrendous events—they have either lost babies or, in some cases, their children have extremely severe deformities—but I come back to the point that the task of the group was to look at whether there was a causal association. The group had scientific expertise. It has given its advice, and we are following it and the recommendations that it made.

**Baroness Thomas of Winchester (LD):** My Lords, how do the Government intend to restore the trust and confidence of those left feeling betrayed by the lack of transparency and openness surrounding this inquiry that the Minister has just talked about?

**Lord O’Shaughnessy:** As I pointed out in response to the noble Baroness, Lady Thornton, transparency is there in the evidence and minutes that will be published. The report that has come out is big and chunky and contains a huge amount of information. There was an independent member in Nick Dobrik, the thalidomide campaigner, and Mrs Lyon, who chairs the families group, was an observer. We touched on confidentiality agreements. As I said, there is nothing out of the ordinary in that. I think transparency is there. I come back to the point that the working group was set up to examine all the available evidence scientifically. The department provided its scientific and non-scientific papers for that effort. I know the report has not come up with the conclusions that the families wanted, but it is the right group to have made that judgment.

**Baroness Taylor of Bolton (Lab):** My Lords, I understand that the Minister realises the concerns of those families who have been affected. He put the case and described how the inquiry was conducted very clearly but, as has been said, there is still quite significant concern outside this House among Members of Parliament and the families concerned. If we are talking about getting reassurance, perhaps it would be useful to have a proper debate on the findings of the report so that all these aspects can be laid out in greater detail, including the case from the Minister.

**Lord O’Shaughnessy:** I would certainly welcome such a debate. I know that was discussed in the debate in the other place on the Urgent Question. I want to emphasise the seriousness with which I take this issue. I had the opportunity to meet Yasmin Qureshi MP,

[LORD O'SHAUGHNESSY]  
 who chairs the all-party parliamentary group, and Mr and Mrs Lyon in early August. I will be meeting them again in early December. I utterly sympathise with them in the experience they have had, and I understand that there is a need to reassure them that the process that has been followed is a proper process. I accept that, and I am making all the efforts I can to do it.

**National Health Service (Charges to Overseas Visitors) (Amendment) Regulations 2017**  
*Motion to Regret*

6.03 pm

*Moved by Lord Hunt of Kings Heath*

That this House regrets that the National Health Service (Charges to Overseas Visitors) (Amendment) Regulations 2017 do not clarify how upfront charging can work without increasing barriers to healthcare for vulnerable groups, how they will not breach equality legislation through the potential use of racial profiling as a means to identify chargeable patients, and how the extension of charging to community services will not lead to patients being prevented from accessing preventative care programmes; and further regrets that they have been introduced without sufficient assessment of the effectiveness and value for money of the bureaucratic process proposed (SI 2017/756).

**Lord Hunt of Kings Heath (Lab):** My Lords, I am moving this Motion because I believe the regulations on charges for overseas visitors do not clarify how up-front charging can work without increasing barriers to healthcare for very vulnerable groups. They do not explain how they will not breach equality legislation through the potential use of racial profiling as a means of identifying chargeable patients. The regulations do not show how the extension of charging to community services will not lead to patients being prevented from accessing preventive care programmes. I also believe that it is a matter for further regret that these regulations have been introduced without sufficient checks of the effectiveness and value for money of the very bureaucratic process proposed.

Let me say at once that, on the face of it, charging overseas visitors to use our hard-pressed NHS is entirely reasonable. But the Government's latest plans to extend charges to community services will raise very little money, place a huge bureaucratic burden on the NHS and deny healthcare to very vulnerable people. The UK already charges some overseas visitors for most hospital care after treatment. Patients who are not eligible for free care include short-term visitors, undocumented migrants and some asylum seekers whose claims have been refused. There are already processes in place for hospitals to identify and bill such patients. We understand that in addition to these regulations, the Government are considering extending charging to A&E and GP services.

Under the regulations that came into force last month, all community services receiving NHS funding, including charities and social enterprises, are now legally required to check every patient's paperwork, including passports and proof of address, before they receive a service to see whether they should pay for their care. Charges are up front, with non-urgent care refused. As a person will need to provide paperwork and/or a passport to prove eligibility, there is a distinct possibility that people who are entitled to free care on the NHS will be denied treatment because they do not have it at hand. Particularly vulnerable groups here include the elderly, asylum seekers, homeless people and mentally ill people. Moreover, if patients continually have to provide details every time they need healthcare, this risks them waiting longer, with an inevitable increase in bureaucracy.

Asylum Matters, in conjunction with a number of other organisations, has commented in response to the Minister, who has written both to Members of this House and to MPs in the House of Commons to allay fears about how patient ID checks will be carried out. He says that the changes do not require a patient to provide a means of identification to qualify for free care. He says that, while that may be helpful in demonstrating eligibility, other information will be used by trained NHS staff to ensure that the residency status of a patient is identified. He says that the regulations simply require that a relevant body must make such inquiries that it is satisfied are reasonable in the circumstance to determine whether charges should be made. The problem is that those protections are not built into the regulations. They may be in the guidance but guidance can be changed at any point, and they cannot be enforced if NHS organisations choose to insist on further proof of a patient's ID.

I have been written to by many people, and I would like to refer to a very important paper sent to me by Natalie Bloomer, in which she refers to the father of a newborn baby who recently received a letter from his local hospital demanding to know whether his eight day-old child was entitled to free healthcare. The parents wondered if they had received the letter due to the mother's foreign-sounding maiden name. When the father went back to the hospital, it quickly told the family to disregard the letter. For me, this highlights the whole problem of this wretched and miserable policy. It is quite clear to me that, apart from the dreadful impression and reputation it gives of our country, many people who legitimately live here and have every right to NHS treatment are going to be challenged by the NHS. I find this absolutely despicable.

I gather that the Secretary of State has claimed that charging regulations simply bring us into line with our European neighbours. Of course, this is complete nonsense. The work done by Doctors of the World, which I have seen, has been researched comprehensively, and the fact is that many European countries, particularly the ones we tend to compare ourselves with, actually provide a more comprehensive package of free healthcare—for instance, to undocumented migrants.

I receive many briefings and letters from reputable organisations. This regret Motion has been backed by many trusted and well-respected bodies, including the BMA, the Royal College of Midwives, Doctors of the



World UK, the National AIDS Trust, Asylum Matters and Freedom from Torture. Many of them represent groups which will be intimately affected by the regulation introducing and extending overseas charges.

They are not the only ones to oppose this new policy. An open letter addressed to the Secretary of State, published by 193 organisations and 880 individuals, has called for the regulations to be dropped as soon as possible. Among the signatories were 300 doctors, 50 nurses, the former NHS chief executive Sir David Nicholson, the Royal College of Paediatrics and Child Health, and Amnesty International. Not only were they all agreed that the introduction and extension of charges will place a greater burden on the NHS, but this is the kind of thing that the Conservative Government pledged to cut down—the wretched bureaucracy involved and the time that will be spent by staff trying to make these charges work. The Royal College of General Practitioners has flagged up the possibility the new system could end up overstressing already strained family doctors at medical centres. The Catholic Bishops' Conference, in its letter, spoke of the catastrophic consequences of the new regulations and asked for them to be suspended.

Not only is this a ludicrous action by the Government, it will have no impact whatever on the finances of the NHS. The estimate is that it will bring a £200,000 saving—how ridiculous. The point I want to make in the debate tonight is that these rules are now already law. The Catholic Bishops' Conference has asked for the regulations to be suspended, and I hope the Minister can announce that he is going to do that, but at the least there should be an early independent review of how the new charges are operating. Until then, there can be no question of extending charges to yet more services. I beg to move.

**Baroness Hamwee (LD):** My Lords, I thank the organisations that have briefed us. Sending a joint briefing was particularly helpful, not because it reduces the paper but because it increases the force of the content. It came from Asylum Matters, Doctors of the World UK, NAT and Freedom from Torture. We have had briefings from others too. I also thank the noble Lord, Lord Hunt. Like him, I understand that some charging of visitors is entirely reasonable, but—and it is a very big but—the noble Lord has raised some very pointed questions wrapped up in the text of his Motion, and I hope that the Minister will be able to respond to those point by point.

This is not a new problem for some groups but it is now worse. During the passage of the Immigration Bill, now the Immigration Act 2014, the points were put forcefully—especially, I remember, by those concerned with maternal health and by doctors who were working with a wide range of immigrants. I remember hearing from Doctors of the World UK that, before the regulations which followed that Act came into force, there were queues round the block at its clinic of people who were anxious about what their position would be afterwards.

The charging then was presented as an innocuous extension of the system, and really very beneficial. There was a lot of talk about health tourism blocking access for those of us who are not tourists. I began to

think that the world must be full of people who had had their pregnancy confirmed and immediately booked a flight for the due date minus however many weeks the chosen airline applied as the cut-off for carrying pregnant women. At that time, it became clear that many hospitals found the charging system then in force so burdensome that it had simply defeated them, and there was a good deal of criticism of those that were defeated, I recall. This time around, again there has been considerable protest from people who have seen at first hand the effect of what the pre-23 October regulations require.

When I looked for the government impact assessment on the regulations, I found an evaluation by Ipsos MORI of the overseas visitor and migrant NHS cost recovery programme, published in January this year but apparently started in 2014. The paragraph on the costs and benefits of implementation made startling reading—which I found difficult because I printed it off in such a small font. It made me doubt whether there really was benefit to the implementation. What continued valuation will there be? This is another way of asking the question that the noble Lord, Lord Hunt, asked: will the Government consult before extending the charges into other health services, including A&E and GP services? The letter that the Secretary of State wrote in response to the open letter seems to say these things are so because they are so. I am sure that there cannot be as relaxed an attitude as that seems to suggest.

*6.15 pm*

The impact assessment, when I got to it, gave the option that has been adopted as the preferred one because it generates the maximum benefit for the NHS. I think that is a little something as against nothing. I am not at all clear that it takes into account the impact on public health. The impact assessment says that the income from the previous regulations raised between £97 million and £146 million over three years. Was that worth it, given the public health risks from communicable diseases and the deterrent to people who, in fact, are not required to pay—something that was a real concern in 2014—and so on?

Yesterday, I received an email from someone who had heard from the manager of a local practice for asylum seekers and refugees about a woman who had been to the local hospital and asked for a pregnancy termination. They told her that it would cost £1,000 because of the new regulations. In fact, this woman is entitled to free secondary care. She was understandably very distressed by this. The issue was sorted out and a “training need” was identified by the hospital. However, she had the confidence that many people in such a situation would not have had. One can easily imagine a woman getting into the most considerable difficulty by seeking another route to a termination. We risk these charges being equivalent to the Home Office rules that preclude those without status from working and so drive them underground into the illegal economy. What safeguards are there to ensure access to urgent treatment, prevent early discharge and prevent denial of treatment so that it becomes urgent?

The Home Office has already turned landlords into immigration officers. Now the Department of Health is requiring doctors to police access to the NHS.

[BARONESS HAMWEE]

I appreciate that this is not directly a matter for the Minister, but I suggest that the best way to treat the many asylum seekers who have mental health problems would be to deal with the underlying problem of the asylum claim.

Then, as the noble Lord, Lord Hunt, said, there is the bureaucracy and the cost. I would be surprised if the Minister's experience does not accord with that of many of us. When seeking treatment from the NHS, the healthcare is excellent but the administration is dire. What impact will the extra burden have?

Does it have to be so? Compare Wales, Northern Ireland and Scotland. The health services in Scotland are extended to individuals and their families whose claim for asylum has failed. This is, I understand, part of its refugee integration strategy. It is quite right. Integration is about people not feeling, or being regarded as, "other".

There is concern, too, which has just been expressed, about inequalities in treatment and racial profiling. That is something to which the House is paying attention as we go through the Data Protection Bill. I was shocked to be briefed that the Home Office has recently started contacting asylum seekers asking them to sign a consent form to give it access to their personal medical records. Any information obtained may then be used to inform decisions taken on an individual's case, including how to progress removal from the UK if an application for asylum is unsuccessful. That is what I have been briefed. I have not had the opportunity to check it out, but neither have I any reason to doubt it.

The regulations raise issues about trust between healthcare professionals and their patients, the disproportionate effect on people who are marginalised, and the removal of healthcare from very vulnerable groups—undocumented migrants—whose needs are intensified by destitution. The regulations affect individuals and I believe they raise big ethical issues as well. I support the noble Lord very much.

**Baroness Hollins (CB):** My Lords, I am grateful to the noble Lord, Lord Hunt, for raising this issue. I am concerned about the additional barriers to care that may be faced by people with mental health conditions and learning disabilities. We know that such patients already face significant barriers to both mental and physical healthcare. For example, we know that people with psychosis already face significant barriers to both mental and physical healthcare. We know that people with psychosis face a mortality gap of 10-15 years, mainly from physical comorbidities. We also know that migration itself appears to increase the risk of psychosis, and the science behind this is developing rapidly.

It is not easy to divide, "immediately necessary" and "otherwise urgent" care, which is exempt, from routine care, which is chargeable. I speak from the standpoint of someone who has cared for patients with mental illness and with learning disabilities over many years as a psychiatrist, and also as a past president of the Royal College of Psychiatrists. The principle of early intervention to avoid a later crisis is widely recognised and promoted by the health service.

Such intervention needs to occur very early. Identifying and intervening on low-level symptoms avoids escalation to more severe presentations that require intensive treatment and expensive admission to hospital. I am worried that the checks that have been put in the regulations will mean that patients, whether eligible or ineligible for free care, may wait longer and may need to be in crisis before they can access services. If this occurs, it will produce more suffering, increase risks and cost the health service more.

These costs do not feature in the Cost Recovery Impact Assessment, published by the Government in July. I am aware of examples of asylum seekers who arrive in this country with symptoms of post-traumatic stress disorder, and my concerns extend to the mental health of their children during periods of extreme uncertainty. Their mental health needs would not seem to meet the criteria for urgent care.

My other area of concern is the accuracy of decisions to deny care to a patient. The exemption for, "immediately necessary, or otherwise urgent", treatment is a clinical one, as stated in the Government's impact assessment. However, the British Medical Association, of which I am also a past president, has asked for clarification on the procedure when a person is unable to pay, including what safeguards are in place to prevent further or serious harm to themselves or the wider public as a result of them being denied treatment.

I am concerned that the process of administrative checks alongside a clinical test of urgency will be burdensome, costly and rushed. Once information is on a patient's summary record, it may be difficult to change it or to amend errors. Such circumstances could lead to a failure to identify those entitled to free care. This may be even more complicated in patients who have impairment of capacity, communication difficulties or other mental health conditions. Challenging administrative errors and information on digital records in the health service can be difficult for all of us, let alone those with impaired capacity, communication and learning disabilities, or autism.

What safeguards are in place to prevent errors in requiring up-front payment? Without robust safeguards, those most in need of care may be those least able to prove they have a right to it. I would support the suspension of these regulations for further thought, but if this does not happen, can the Minister tell the House what are the arrangements for reporting the impact of these regulations on the mental and public health of the population who are at risk?

**Baroness Redfern (Con):** My Lords, I refer to my entry in the register of interests. The regret Motion at first appears to imply that charging overseas visitors is something new. The requirement for the NHS to charge overseas visitors has been in place for 35 years—but, unfortunately, compliance and recovery rates have historically been extremely low.

I thank the NHS workforce for the fantastic job that they do; they are now treating levels of demand not seen before. Do noble Lords not think it only fair that any overseas visitor using our NHS should make a financial contribution, just as we all do when we are on holiday abroad and possibly want to access medical help?

It is important to emphasise that NHS England, NHS Improvement and the department have published guidance to support the embedding of the regulations, producing an average price list so as to better inform and enable patients to look at the up-front charges for anyone not eligible for free NHS care. Those people can then make informed choices about their care here or at home.

I am informed that, in order to protect the most vulnerable and to protect public health, the department remains committed to ensuring that vulnerable groups are always able to receive free care and that no patient will be denied urgent or immediate healthcare, regardless of their immigration status or ability to pay. This includes all maternity care in every setting, including diagnostic, and the treatment of infectious diseases.

Back in July, the department introduced new regulations to support improved cost recovery and make it fairer and more efficient for both the patient and the healthcare system. It saw recovery increase from £89 million to £360 million—all being transferred back into our front-line services.

Finally, with careful monitoring and ongoing assessments and with better use of existing data sources to improve efficiency, we will be able to see for ourselves the financial effectiveness and value for money through this process. These figures will be published in the new year.

**Baroness Taylor of Bolton (Lab):** My Lords, I first congratulate my noble friend Lord Hunt on initiating this debate. Like him—and other speakers—I acknowledge that the NHS is under significant pressure and that there have been charges for a very long time. However, I say to the noble Baroness, Lady Redfern, that, if there is a problem with cost recovery, these regulations are not the answer.

I am prompted to intervene in this debate because of an organisation in Bolton, my home town: a local group called City of Sanctuary. Its role is to create a culture of welcome and safety for refugees and asylum seekers. As a Member of the other House, I had a considerable amount of casework dealing with refugees, asylum seekers and failed asylum seekers, so I know that its work is extremely important and that it has a great deal of direct experience. It has raised concerns about vulnerable groups, particularly those I have mentioned. I note that this category is not mentioned by the Minister in his letter.

There are three points I want to raise. I have read the Minister's letter to all Members with care and I thank him for it. He tries to be reassuring, but I am afraid that he does not allay all the concerns that some of us have on the basis of the evidence that has been presented to us.

The Minister says that the regulations require that up-front charging for non-urgent or immediately necessary care will become a legal requirement. That is the basis of these regulations. But there is an immediate problem with the definition of “non-urgent” or “needing immediate care”. I think particularly of those people, such as refugees and others, whose full medical history is not known, may not be available or may not be fully evident, or who may not have proper cognisance of it

themselves. It can be a very real problem, I suggest, for both the patient and the doctor. The medical groups who have expressed concern about this have made a very strong case.

6.30 pm

I recognise that the Minister says in his letter, in paragraph 5, I think, that the most vulnerable in our society will never—and I note the word “never”—be charged. He goes on to specify and include reference to refugees and asylum seekers. Can I ask him about failed asylum seekers? The noble Baroness, Lady Hamwee, mentioned the situation in Scotland, Wales and Northern Ireland where, I understand, they are exempt from charges. If that is the case and there is to be a difference in England, I really would like to know why.

The Minister also needs to recognise some of the difficulties that exist for those groups in proving that they are eligible for free treatment. The vulnerable groups that we have been talking and hearing about today may find it very difficult to provide the kind of evidence that is required. This is not the only area in which this happens. At Prime Minister's Questions yesterday, we heard about someone who did not have a passport or a driving licence and could not provide the evidence for universal credit. This is a general problem across a whole range of fields. How do people prove entitlement? This area is just one example. People may not have their passport or it may have expired. They may not have proper ID or proof of residence, or they may not understand what it is that they are required to provide.

The difficulties that have arisen for these groups in terms of getting the advice that they need—given all the government cuts to advice services—have made the problem worse. Many people simply do not understand the system. This can lead to delays, which can lead to a deterioration in health conditions and, indeed, could lead to the denial of treatment, which could cause the NHS to have to spend more on more dramatic intervention later. I am sure that the Minister believes what he wrote in his letter about vulnerable people not being charged, but I think that he needs to be aware of the complexity of the difficulties that many people face.

Mention has been made of the case study by my noble friend Lord Hunt and the individual whom he was concerned about. I have been given at least four examples of case studies where people who have been eligible have not been able to get the immediate treatment that they needed or have been billed for it, which has caused concern and a lack of understanding about what was going on—and I am very happy to forward those cases to the Minister so that he can look at them. It causes hardship and confusion, and can lead to other medical problems later.

The third point that I want to raise is the statement in the Minister's letter that he does not want to see unintended consequences; that is very important. It is important in probably every bit of legislation that we pass and every regulation that is introduced, because it is easy for unintended consequences to creep in and cause real disruption and difficulties. It is one of the reasons why piloting projects is actually rather a good idea on most occasions.

[BARONESS TAYLOR OF BOLTON]

Some mention has been made of these difficulties. My noble friend mentioned racial profiling, and I think we have already seen some evidence of this in the NHS as well as elsewhere. That should concern us all, and we should always take steps to avoid it. There is also a real concern, which has been expressed by many people in the medical profession—my noble friend mentioned the letter signed by a distinguished group of people—about the bureaucracy involved, and the difficulty that all NHS staff, from receptionists to consultants, will face in terms of knowing what they themselves should be doing, let alone in explaining it to their patients.

I hope that the Minister will be willing to think again, to look at the evidence and to hear the concerns. I hope that he will review the situation, look again at the guidance and realise that this is not a quick way of getting more money into the National Health Service.

**Lord Leigh of Hurley (Con):** My Lords, the National Health Service is a cherished national institution, historically the envy of the world, and in theory none of us has a problem with overseas visitors using it. However, we currently have a huge issue of capacity. Unfortunately, it is not clear that we have the capacity to treat on the NHS all the overseas visitors that we would like to treat. Already the NHS is in breach of vital targets, such as waiting times for operations and to start treatment for cancer. Consequently, our cancer survival is the worst in western Europe, Canada and Australia. Only a few countries in eastern Europe have worse survival for common cancers.

We all love the National Health Service, so it is only right that anyone using our very valued NHS should make a fair financial contribution to help ensure its sustainability and the continued provision of world-class facilities—just as the British taxpayer does. Although I do not agree with the Motion, I am pleased that the noble Lord, Lord Hunt, tabled it, because it allows this House the opportunity to discuss matters relating to it, and the implementation.

I have no interest to declare, but I have been taking an interest in health tourism since I raised an Oral Question on this subject in March 2014, and we have seen great progress from the Government since then. Indeed, it was mentioned as an objective in my party's manifesto. Over the past four years the Government have prioritised improved cost recovery, and as a result we have achieved more than ever before, with identified income for the NHS from overseas visitors quadrupling from £89 million to £360 million. All that income is, of course, directed back into front-line services. That sounds good. However, it should be recognised that £200 million of the £360 million comes from the immigration health surcharge, and in return 450,000 IHS visas are issued every year. Therefore, for £200 for immigrants and £150 for students—a subject that has been debated in this House—free NHS treatment is offered, without exclusion of pre-existing conditions, for nearly half a million people.

The regret Motion shows that the noble Lord, Lord Hunt, is concerned about racial profiling but, at the time of registration and to avoid any form of discrimination on arrival for a new hospital appointment, the same

baseline question must be asked by an overseas visitor manager of every patient, in every department—using, according to the guidance, these exact words:

“Where have you lived in the last 6 months?”.

If the patient replies “In the UK only”, no further questions are asked regarding residency or immigration status. That is it. If the answer given is yes, there are to be no further questions. I fear that it will soon become common knowledge that, in the NHS, care is free to anyone who answers yes to this single baseline question.

This is spelled out in chapter 11, on page 88, of the Department of Health *Guidance on Implementing the Overseas Visitor Charging Regulations*. Furthermore, it clearly states at chapter 11.16:

“Administrative staff must avoid discrimination when asking these questions”.

Needless to say, vulnerable groups will be excluded from up-front charging. The guidance issued by the NHS specifically excludes asylum seekers, trafficked people and every other variety of vulnerable grouping. Furthermore, the guidance confirms that up-front charging will apply only to patients presenting for elective treatment. GP services and A&E are, of course, specifically excluded.

Health tourism is a huge issue. On 1 February 2016, my noble friend Lord Bates, the then Minister in this department, gave an estimate to the House that the cost to the NHS was some £2 billion. Possibly unlike the noble Lord, Lord Hunt of Kings Heath, I am pleased that the Government are now running 35 pilot schemes in 19 NHS trusts to ask patients for two forms of identification to show ordinary residence. Again, this is just for elective surgery, for which there is plenty of time to plan, not emergencies such as complicated pregnancies, where we have seen real evidence of people coming specifically to the UK and literally being taken to hospital from the airport for free—for them—using extremely expensive medical assistance. Needless to say, in Europe if one is unfortunate enough to have to go to hospital, anecdotal and other evidence says that the first thing the hospital asks is to look at your insurance or E111. Our system of state-funded and provided medicine has for too long been lax in properly obtaining payment where it is due.

The real issue we should be discussing is how inadequate we are in terms of OVMs. In September 2017, Professor Meirion Thomas, who has become the country's expert in this area purely as a matter of public service, sent freedom of information requests to NHS trusts. He asked eight acute trusts in London, two acute trusts in Birmingham and eight acute trusts in Greater Manchester for details of their OVMs. The trusts in London and Birmingham do have OVMs, but a grossly inadequate number. I will not bore your Lordships' House with the numbers but the proportions are frightening. However, in Manchester, the results are even worse. Only one trust—the Christie hospital—has an OVM, and I would be pleased to provide my noble friend the Minister with details, should he so wish. This research proves that the NHS is not prepared for new legislation: seven acute trusts in Manchester have no mechanism for up-front charging. Therefore, I am afraid that I cannot support this regret Motion. The question we have to ask at another time is not how up-front charging can work in terms of the Motion,

but how we are going to implement this to ensure a fair playing field for those who pay for and deserve proper treatment.

**The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con):** My Lords, I thank all noble Lords who have contributed to the debate. While, as ever, I disagree with the Motion in the name of the noble Lord, Lord Hunt, I am grateful to him for raising the topic of cost recovery for the NHS from overseas visitors. It is a very important policy issue and it is crucial that the objectives of these regulations, and the safeguards that we have put in place, are discussed and understood by Members of the House.

In July this year, my department introduced amendment regulations to extend and improve the recovery of NHS costs from overseas visitors who are not ordinarily resident in the UK. This followed a period of public consultation in 2015-16. The Government's response to that consultation, which set out our intentions, was published in February 2017.

Let me first be clear about the principles that sit behind our policy on cost recovery. As my noble friend Lord Leigh has said, the NHS is a cherished national institution. It is paid for by millions of British taxpayers, who care deeply about it being used fairly, so we must protect it carefully. Our country has always welcomed visitors and the NHS is no different, but I hope noble Lords also agree that it is only right that, when using its services, visitors should also make a fair financial contribution to the NHS's sustainability. On that basis I welcome the support in principle of the noble Lord, Lord Hunt, and the noble Baroness, Lady Hamwee, for cost recovery. However, it would be wrong not to point out that, when specific proposals come forward, they seem less robust in offering that support.

This principle was not introduced by this Government; regulations and guidance requiring cost recovery from overseas visitors have been in place for over 30 years, as my noble friend Lady Redfern pointed out. As the number of visitors to the UK has grown over the years, the Government have supported the NHS to identify more income than ever before, quadrupling that income over four years to £360 million. The regulations we are discussing today continue this policy of seeking fair payment for NHS services provided and allow the NHS to take further action to support cost recovery in a way that is more efficient, more equitable and more effective.

6.45 pm

In particular I draw your Lordships' attention to two of the amendments the Government have made. The first is the extension of charging to NHS-funded secondary care provided outside a hospital and by non-NHS providers. This corrects an anomaly whereby secondary care services provided to overseas visitors in an NHS hospital were chargeable, whereas the very same services provided in the community or by, for example, a non-NHS provider, but still paid for by the NHS, were not. This change therefore ensures fairness in charging and a framework that aligns with our ambitions for new integrated models of care, which will see more people treated in their communities.

Noble Lords have raised concerns that this extension might deter patients from seeking preventive care programmes. Let me be clear. If we are discussing charging for secondary care services—which is already the case in hospitals—it is right in principle and in practice for the same services to be charged for in non-hospital settings. It makes no sense to distinguish between the two; indeed, it is inequitable and arbitrary to do so. Instead, as all noble Lords have pointed out, the right thing to do is to make sure that particularly vulnerable groups can receive special attention, regardless of their ability to pay or their immigration status. I reiterate the point that I made in the letter, which was highlighted by the noble Baroness, Lady Taylor, that that is why no refugee, asylum seeker, looked-after child or victim of trafficking or slavery will ever be charged for care.

We have also been careful to exempt from charging the diagnosis and treatment of specific infections that could put the health of the wider public at risk. This includes infectious diseases—which was raised tonight—such as pandemic flu and sexually transmitted infections. Finally, no one will be charged for primary medical care, which includes GP care, even if it is received outside a practice.

**Baroness Taylor of Bolton:** In the list the Minister gave, he did not deal with the point that the noble Baroness, Lady Hamwee, and I raised about failed asylum seekers who are still living in England.

**Lord O'Shaughnessy:** For clarity, they are not covered under the exemptions.

The second change the amendments make is to the requirement that any care not deemed immediately necessary or urgent by a clinician is paid for up front. The published guidance, again, for nearly 30 years, has recommended this. This practice ensures that a chargeable patient can make an informed choice about their care and therefore does not unwittingly incur debts when they could instead, for example, choose to wait for treatment until they have travelled home. Given that our NHS is facing unprecedented levels of demand, I hope noble Lords will agree that mandating this position is a sensible approach and that it will help make sure that all users of the NHS make an equitable contribution to ensure its continued success and viability.

The noble Lord, Lord Hunt, has asked whether this practice will not create barriers between vulnerable patients and treatment and result in racial profiling as the front line seeks to determine eligibility for free care. I have already drawn noble Lords' attention to the exemptions in place and the fact that all GP and A&E services remain free for all. I am also clear that immediately necessary or urgent treatment—such as all maternity services—will never be withheld, regardless of the patient's ability or desire to identify themselves or pay. To reassure the noble Baroness, Lady Taylor, and other noble Lords, it is for clinicians, and no one else, to determine whether a treatment is immediately necessary or urgent.

On whether patients may face discrimination, this is always unacceptable and not compliant with anti-discrimination legislation. As my noble friend Lord Leigh pointed out, our guidance is clear that simple,

[LORD O'SHAUGHNESSY]

short questions should be asked by trained staff of all patients whose records do not already indicate residency status to assist in identifying those not eligible for free care. That information can then be captured in the patient record for the future.

To support the implementation of these regulations, we have developed with front-line staff a “cost recovery toolbox” containing extensive guidance and template letters to patients and clinicians, as well as patient and staff-facing leaflets and posters and a web-based forum for peer support. As my noble friend Lady Redfern pointed out, working with NHS England and NHS Improvement, the department has published operational guidance to support the introduction of the regulations. This includes an average price list to provide consistency in up-front charging. The department has recruited a senior, experienced cost recovery team of NHS professionals who have led improvement visits to over 20 NHS trusts over the last six months. Action plans are in place for each trust and the team will support improvement and the sharing of best practice across the wider NHS.

I would like to end on an issue which has been raised by many noble Lords in this debate: the assessment carried out before we introduced these changes. As I have explained, up-front charging did not represent a change in policy, but instead has existed for many years before the consultation on other amendments. Over the course of the consultation and decision-making process, the Government carefully considered the impact the charges may have and published a full impact assessment alongside the regulations. This concluded that the package of changes would identify up to £40 million a year for the NHS. This is additional income and takes into account any administrative costs associated with the changes. I will also place in the Library copies of the equality assessments carried out by my department to inform the regulations, so that Members of the House will be able to review how the impact on vulnerable and protected groups was very carefully considered prior to the introduction of these changes.

All noble Lords have asked about the implementation of these changes and it is right, of course, that we proceed cautiously and sensibly and that we review how we are doing. So I am very aware of the need to keep the impact of these regulations under careful review in order to make sure they are implemented as planned and with no unintended consequences. My department will therefore undertake a full, formal review of how these amendment regulations are implemented, and monitor delivery closely, particularly where healthcare is provided to the most vulnerable. If further action is needed I will commit to update the House accordingly.

I hope I have been able to reassure all Members of this House about the long-standing principles that underpin our approach to cost recovery, the care that has been taken to protect vulnerable groups, and the reflective approach we will take during the implementation of these policy changes. I believe that they provide an equitable and reasonable step forward in making sure that all the NHS's users, wherever they come from, make a fair contribution to the sustainability of the

NHS, which is what British citizens expect. On that basis, I ask the noble Lord, Lord Hunt, to withdraw his Motion.

**Lord Hunt of Kings Heath:** My Lords, I am very grateful to all noble Lords who have taken part in this debate. The fact we spent nearly an hour on it as last business on a Thursday is testimony to the importance of the matter, which is why I welcome so many noble Lords having stayed to take part. I will not push this to a vote, and I will withdraw the Motion, but I do think it is an opportunity to raise some very important points with the Government.

First, the noble Baroness, Lady Hamwee, made some very important points about the analysis of the impact assessment, the doubtful financial benefits set against the bureaucratic costs, and the impact this may well have on some of the most vulnerable people—the very people who, not just from their point of view but the public health point of view, need to access these services.

Secondly, from the evidence that I have received—and I have received many such examples—there is a real concern that people who are legitimately entitled to NHS services may get turned away. The noble Baroness, Lady Hollins, rightly asked what the safeguards were to prevent this.

I think it right that we talk about racial profiling because again there is some evidence that, in spite of what the Minister said and what is promised in guidance, this is taking place in some parts of the country. The NHS has many organisations—we have a lot of community organisations—but it turns out that staff who are given such responsibility may not be aware of the importance of this issue and its sensitivity. The obvious case here is British people with foreign-sounding names being challenged in a way which I think is inappropriate.

The Minister did not respond to the point from the noble Baroness, Lady Hamwee, about the Home Office requiring medical records. I do not know whether he will be prepared to respond to her in writing; I understand that the question goes much wider than his brief today, but I am concerned about the ethics of the Home Office requiring people to open their medical records.

The noble Baroness, Lady Hollins, was of course right to point out the barrier to people with mental health and other disabilities. This is not just about who is eligible: having to produce evidence to legitimise a right to treatment could prove difficult for vulnerable people who find everyday living hard and challenging.

Like my noble friend Lady Taylor, I say to the Minister—the noble Baroness, Lady Redfern, and the noble Lord, Lord Leigh, both spoke about this—that I have no problem with the principle of cost recovery. I accept that it is right that the NHS seek to recover costs from the people who are not eligible for NHS treatment. My problem, particularly with these regulations, is that I have a feeling they will be counterproductive and I doubt they will raise very much in the way of resources. My noble friend also teased out the point about the position of failed asylum seekers, who seem to be particularly vulnerable. I welcome what the Minister said about unintended consequences; that is a very important point.

Operational guidance, which the Minister referred to, is one thing. I would have preferred to see some of the points he has made and reassurances he has given in the regulations, rather than operational guidance. I also noted with great interest what he had to say about accident and emergency and GP services. From the confidence with which he said it, can I take it that the Government intend that they will remain free for all in future? Perhaps I can ask him quite what he meant by that, because in the briefings that I have had people have emphasised that it is the Government's intention to extend the charges to accident and emergency services and GP services.

**Lord O'Shaughnessy:** We are talking about the regulations that we are implementing, and they do not introduce that. That is the point I was making.

**Lord Hunt of Kings Heath:** Noble Lords will interpret that response in the way they wish to. That is a bit disappointing.

The Minister has promised a review. I very much welcome that. He said it would be a full, formal review; let us hope it will also be an independent one. Asylum Matters has reminded me, in the most efficient way that that organisation works, that of course in 2016, a review was promised. I hope this time, we will actually get such a formal review.

Having said that, this has been an important debate. A lot of people are looking with great interest at what your Lordships have discussed tonight. We knew we were not going to be able to stop these regulations but I hope we have expressed those legitimate concerns. I am grateful to noble Lords for taking part and beg leave to withdraw the Motion.

*Motion withdrawn.*

*House adjourned at 6.58 pm.*





# Grand Committee

Thursday 16 November 2017

## Schools

Question for Short Debate

1.01 pm

Asked by **Lord Bird**

To ask Her Majesty's Government what new resources and strategies they will implement to ensure that every child has the opportunity to attend a good school and that all schools are fairly funded, as announced in the Queen's Speech.

**Lord Bird (CB):** I have met many noble Lords and noble Baronesses in the Corridor who would love to fill these seats, because they were all very excited about the idea of talking about education. Unfortunately, they are not here because they have other things to do. But it is so interesting that everybody, whoever you talk to, is incredibly occupied with our education system. That is because it does not really do very well. It does not reach the parts we expect it to. With a fourth industrial revolution on the way, are we preparing our children and our young for tomorrow, today?

Unfortunately, we are not. The pedagogy offered in schools does not quite fit with the kind of profound shift in thinking necessary to move into this new age. For instance, when Mr Gove was Secretary of State for Education he took a personal dislike and disdain for anybody who studied media studies. Actually, if you go to the City and talk to Schrodgers and all that, they want people who have picked up those kinds of analytical skills from analysing films and stuff like that. They want people who can imagine a new world in which entertainment and the digital revolution have arrived. People such as Schrodgers are looking for the opportunity to make money out of the new industrial revolution.

We have this weird world where we are preparing our children for 1972 when we are not in 1972. That is pretty typical of our education system, because when I was at a secondary modern school down the road in Chelsea in the 1950s, they were preparing us ordinary, working-class people who had failed the cherry-picking opportunities presented by the grammar school system, for 1932. They were preparing us back then for work that was gradually disappearing. Margaret Thatcher came along and swept away all these industries, only one of which was post war, which had existed on subsidies—that was the only way they could live—since 1914. So, you had this weird world where our education system never quite fitted in with the occupational requirements of, largely, the uneducated working class, because it was necessary to educate people only to a certain level. Then, it was necessary to hope that some of them would climb on and become managers through cherry-picking.

When the noble Lord, Lord Holmes of Richmond, raises the question of the fourth industrial revolution, as he did in Oral Questions yesterday, I want to know when we are going to get the intellectual pedagogy that will enable us to embrace the new thinking.

Unfortunately, whether we like it or not, there does not seem to be much evidence of that now. I would include the universities in this paucity of new thinking. We need an intellectual revolution now, or sometime. That is my first point.

My second point is on the education system. I am sorry; I have not come here to argue over whether this Government or the next Government or the previous Government are spending the right amount of money. We know darn well—sorry, we know well—that the Treasury will deal only with money and not with the effects of not spending that money. If we do not spend the money at the right time, we have to spend it at the wrong time, when it costs too much. I am an example of one of those who was educated through the present system only because a shedload of money had to be spent later, because it was not spent in the earlier stages of my life.

We know that we are controlled by the Treasury. Perhaps somebody should go along to the Treasury and ask, as the noble Lord, Lord Elton, suggested, if it has worked out the cost of not investing in our prisons and people in poverty. If noble Lords look at the education system they will see that we are failing 37% of our children—one in three. That one in three becomes 80% of the prison population; it becomes people who are caught by mental health problems and all those things. In our local hospitals, lots of people who are depressed are using the A&E department as a place to drop in. A lot of those people will have failed at school—they are part of that 37%.

If noble Lords look at the long-term unemployed they will see that this group is riddled with those who have failed at school. Look at the people on social security, who we pay to go to work—we have to top up their wages with tax credits because they earn £6 an hour. What did they do at school? They did not do very well. I have to say that I cannot get very hyperventilated about the failure of this Government to spend the right amount of money on education, because I know that the last Government failed and that the next Government will fail. I also have to ask: is it not time to alert the world that we need to reinvent the way that we govern, particularly the way that we run the education system? The system needs root-and-branch transformation. We need the intellectual tools to engage in the fourth industrial revolution. At the same time, we must find the methodology and means for a much deeper and more profoundly philosophical move toward education—one that fits the new world we live in.

There is only one way to get a person out of poverty and that is to change their relationship to the market. When you are a person who has no education and, through that lack of education, you also have a problem with how you see yourself in the world and are depressed with those feelings, and when the world looks hostile to you because you have no investment in it, there is only one way—and that is to change your relationship to the market and to ask yourself how you can sell yourself and your skills in the marketplace. This is because in the early stages of their lives such people picked up coping skills and—what is that word?—bounce-back-ability. We need to address those issues.

[LORD BIRD]

The reason I came into the House of Lords was to dismantle poverty. I cannot do it on my own. I do not want to be part of a system that is more of the same. I want the House of Lords, the Government and the other place to lead a revolution where we step back and ask what is or is not working. I had a brilliant meeting with the noble Lord, Lord Agnew, yesterday in which he told me about his academies in Norfolk. It was brilliant. All the answers are there. We do not have to reinvent anything, we just have to converge the energies created by all the best things. I am now going to sit down. Thank you and God bless you all.

1.11 pm

**Lord Fellowes of West Stafford (Con):** I have to use a board like this because I suffer from something called an essential tremor. It is very irritating because nothing could be less essential. Anyway, that is why I am using it. I am not shaking in terror. I just have a tremor.

Access to good schools is a goal shared fiercely by all our political parties and indeed the entire population, because it is axiomatic that good schools are the foundation of professional and personal satisfaction in later life. As a part of that, they are also actuators of social mobility; and as we all know, social mobility is the essential adjunct to a free market economy. It is the shared sense of the possible that allows us to live together in peace. While some may jib at the concept of the free market, for most of us it has been the greatest force for social change and improvement in living conditions for the working class since history began. But the question is, are our schools good enough to qualify as “good”?

Certainly over the past 50 years various fashions in teaching have intermittently impeded progress. Unusually, perhaps, for someone of my age, I spent a year in a mixed-ability class when Ampleforth decided to explore this area in the 1960s. It is an idea still much praised by theoreticians but never, in my experience, by anyone who has suffered through it. For me, it was the worst year of my youth—with the able pupils bored to death and the less gifted academically struggling—until finally, in a fit of abject misery, I ran away from school and was only apprehended by the police in Grantham, a town I later gave a measure of fame to in the series “Downton Abbey”.

There is little point in denying that our social mobility was dealt a considerable blow by the condemnation of the grammar schools by Tony Crosland. Those schools did provide a ladder for the talented which has never been effectively replaced. Alan Johnson made the telling comment that his journey from a council estate to the Cabinet by the age of 54 was no longer possible in modern Britain. No doubt David Davis would say much the same. But I am not a fan of the grammar school system. Much of what it offered may have been good, but not the junking of millions of young lives in the process. Personally, I would have abolished the secondary moderns and put all children into grammars, with a setting system to allow them to develop at different speeds so that they might grow up together and no one need suffer the stigma of attending the “stupid school”.

But since the reduction of grammar schools, various Governments have tried everything in their power to re-create ladders and, more than that, to find different ways for children to get in touch with their own gifts and progress their lives. What interests me is how similar their efforts have been. For example, New Vocationalism and the youth opportunities programme, both initiated by the Labour Government of James Callaghan, were vastly expanded under Margaret Thatcher, eventually becoming the youth training scheme. This was in tandem with the changes introduced in the Education Reform Act 1988, bringing the national curriculum, formula funding, and grant-maintained schools with, all the while, extra money being found for apprenticeships based on frameworks devised by the sector skills councils.

Labour came to power in 1997 with the mantra of “Education, Education, Education”, and introduced many similar measures, creating specialist schools with a rather Conservative emphasis on achievement. The beacon schools programme was to identify high performance; a new grade of advanced skills teaching was introduced, and so were city academies, with education action zones designed to encourage a forum of people to drive up the standards of the schools in their area. The education maintenance allowance was to pay young people to stay in school long enough to gain A-levels and a performance threshold arrived, rewarding teachers with higher pay for the standard of their pupils’ attainments. David Cameron’s Government continued in exactly the same vein: the Academies Act 2010 and the Education Act 2011 both concentrated on driving up standards, while the Education and Skills Act 2008 kept students in school for longer.

And yet here’s the rub—in the international league tables, recorded in 2015 and published in 2017, the United Kingdom ranked 27th for maths and 22nd for reading. Overall we are 15th, behind Estonia, Finland, Vietnam and Korea, not that I have anything against any of those places. Scotland, which once had an educational system that was the envy of Europe, is doing even worse than England.

As for the whole issue of the public schools, we seem to suffer from a kind of schizophrenia when dealing with them. In one way they are an unreasonable privilege, but then again, nothing can be worse than to be the product of a private school. We are told that no pupil there can have any understanding of normal life or normal values. A statement made by the present Government cheerfully asserts that there are now few reasons for preferring private education. I would like to believe that all this is true, but the fact remains that a recent study by researchers at Durham University found that the “private school effect” was evident in every subject at GCSE and that private pupils outperformed their state-schooled counterparts at each stage of assessment at the ages of four, nine, 11 and 16.

The truth is that this country offers a choice of state-funded and privately funded education, as does more or less every other country in the developed world. Would it not be better to find a way for every child to benefit from the advantages these schools have to offer? The Labour Government abolished the assisted places scheme, and maybe they were right to do so, but there must be a way to stimulate co-operation

instead of hostility between the systems: in teaching, the use of facilities, voluntary activities, drama, art, debating and sport, not only for the academic advantage that this would bring, but for the social benefits of allowing children to mix freely and get to know those who have grown up in different spheres. In short, would not co-operation be a more productive, more attractive and more adult option?

What seems clear to me from all this is that the political parties have a great deal in common when it comes to educational reform. Neither has been anxious, at least until recently, to revive the unforgiving Rubicon of the 11-plus, but both have sought to compensate for the opportunities that have been lost with the grammar schools. Both parties have taken steps not only to improve vocational training, but to improve the standards of academic achievement available to the state-educated child. If I were to generalise, it would appear that the emphasis in Conservative policy has been to provide the opportunity for excellence while the chief goal of Labour Governments has been social justice.

But these are both noble aims, both worthy and honourable goals for the good of the country at large, which begs the question: why can the parties not collaborate in this all-important area? Is it really impossible that a group of sentient men and women whose ambitions in education often seem harmonious and even interchangeable, are incapable of working together to find solutions to the issues that are driving down our standards and holding us back in the international league tables? What could be more inspiring for children to witness than for them to see that when it comes to educating the next generation, we really are capable, for once, of pulling together as a nation?

*1.19 pm*

**The Lord Bishop of Ely:** Follow that! My Lords, I am very grateful to the noble Lord, Lord Bird, for having made this debate possible and for providing the opportunity for us to focus not only on a fair distribution of funding for our schools and the children in their care but on fair access to good teaching in good and imaginative schools.

The Church has, down the centuries, provided a constant yet adaptable force in education. The Church of England recently produced a new vision for education, two pillars of which are dignity and hope. As the ultimate aim of our schools is to promote human flourishing, we are particularly concerned—particularly in our emphasis on supporting schools in areas of disadvantage—to enable every child to fulfil his or her aspirations, and indeed to be given the opportunity to have any aspirations in the first place.

While a “good school” can be defined to a certain extent by its Ofsted results, schools must remember to embrace excellence and academic rigour within a wider framework. A good school must educate the whole person so that one day our school pupils will become successful members of our society as adults in their roles as citizens, neighbours, parents and people committed to the public good, as well as those who are called to be economically productive. One way in which this access to equal education is to be served better than it is at the moment is by thinking about how we allow

children and young people to access technical education alongside academic prowess. In the diocese of Ely, we have won a new secondary school where academic and technical education will be provided in parallel on the same campus alongside a special school.

Fundamentally, however, we must seek out areas where there is particular disadvantage and strive to bring children living in these places on to an equal footing with their more advantaged counterparts. The Secretary of State has effectively identified parts of the country where we need focus and change through the means of education. One of these “opportunity areas” happens to be Fenland in east Cambridgeshire in my diocese of Ely. Along with our local MPs, the Church is keen to engage further with the initiative to support local communities and as a means of improving attainment and aspiration in the area. I look forward to seeing how all the elements, such as the life skills programme and work experience opportunities, tie together to ensure that every child receives the best education possible. As these new resources and strategies continue to be developed, we must also ensure that education is funded with future economic and industrial needs in mind, as the noble Lord, Lord Bird, has already said.

In the same vein, I hope that the national funding formula, announced in September, will go some way to ensuring that schools receive what they need in order to cater for the local demographic. Indeed, the formula has resulted in more funding for each of the schools in the diocese of Ely, although there is a slight concern that, due to the increase in pension payments for teaching and non-teaching staff, over 40% of the extra proceeds will go towards addressing funding concerns in the pension schemes as opposed to flowing through to the front line. As such, I emphasise the importance of resources and strategies that allow funding to go directly to solving the issues which the Secretary of State herself has identified.

In the light of what the noble Lord, Lord Bird, said about pedagogy, it is very important that we train our teachers to prepare their pupils for a very different future, and this requires both rigour and imagination. However, I would still like to stick up for our teaching profession and for the imagination and commitment they apply to their vocation. I particularly pay tribute to teachers who commit themselves to working in very difficult schools where there is acute disadvantage and problems with discipline and even violence. These teachers persist in their vocation for the sake of the children and with a vision for the future which those children might have.

To go back to 1811, which is even further back than 1972, this ties in with Joshua Watson, who founded the national society which I now chair. The aim, long before state education was conceived, was to give the poorest children access to education to enable them to flourish, and ultimately to give them worth as citizens.

New resources, strategies and fair funding for school education are components of a much larger drive to improve social mobility. One of the most important things about social mobility is that it is not conceived simply as moving to London. We need to equip and

[THE LORD BISHOP OF ELY]  
empower young people, through a variety of points of access to education, to be contributors with vigour and energy in the places where they already live, so that those places are also regenerated. By supporting the most disadvantaged children at the earliest stages, we can help to build character and in turn produce generous and adaptable contributors to their communities and to wider society, whatever economic and industrial developments the future may bring.

1.25 pm

**Lord Jones of Cheltenham (LD):** My Lords, I too thank the noble Lord, Lord Bird, for initiating this debate and introducing it in his inimitable way. What a wonderful addition he is to your Lordships' House.

First, we must address the discrepancy between the concepts of fairer funding and sufficient funding. It can only be through sufficient funding that we can hope to ensure for our children the opportunities to attend good schools. Under the fairer funding formula announced by the Government, historic inconsistencies in funding allocations across schools and regions are to be addressed—funding will be more transparent. This sounds fair and, while widely welcomed, it is ensuring a sufficient level of funding for schools and mitigating the damaging consequences of historic funding insufficiencies, which may be the legacy of this Government.

While some schools may benefit from the new formula and see their funding per pupil increase, others will undeniably see their funding per pupil cut—I have seen this in my own area of Cheltenham. Since 2015, those schools have also faced historic budget cuts, with figures reported to be £2.8 billion. This has been in part due to budget freezes as well as increases to national insurance and teachers' pensions contributions, the national living wage, the pressures of annual pay rises, the impact of inflation and the introduction of the apprenticeship levy. Therefore, there are schools that, on the back of hard-felt cuts since 2015, are facing more cuts still. Although the Government have promised to plug the interim gap with transitional funding, head teachers expecting cuts are anxious about the impact they will feel when this protection barrier is set to run out in April 2020.

This is an intensely nerve-racking time for the teaching profession. The announcement of an extra £1.3 billion for the core school and high-needs budget across 2018-19 and 2019-20 has been declared by heads as insufficient in the face of future and historic losses. Steadily, many schools have reported the long-lasting impact of historic and impending cuts: a narrowing curriculum in which the arts are sidelined; less funding for extracurricular pursuits; non-specialist teachers forced to deliver lessons in core subjects; budget cuts for resources and teacher career progression; inability to replace staff who have left; ever-rising class and tutor-group sizes; inability to offer careers advisers and counsellors; and a reduction in numbers of staff, especially support staff. Teachers are under immense pressure not just to maintain standards but to significantly improve them against tougher assessment criteria, with less and less resource to do so.

The Government, of course, maintain laudable aims. In his Statement in July 2017 on the schools update, the noble Lord, Lord Nash, said that the Government want to give all children an,

“education that unlocks their potential and allows them to go as far as their talent and hard work will take them”.—[*Official Report*, 17/7/17; col. 1429.]

As the catalyst for social mobility that this Government desire, it is long-term security, rather than short-term fixes, that is needed. To unlock a child's potential and to enable social mobility what is needed is: manageable class sizes; excellent teaching staff who are trained in their subject area and given the resources to inspire and engage; consistency in teaching staff; a vibrant and innovative curriculum that meets the needs of individuals and is not squeezed by the external pressure of fitting what best aligns with national measurements; an enriching extracurricular programme and access to opportunities outside the school environment; excellent careers and post-16 study advice provision that, when offered early on, instils a sense of determination and drive; superb pastoral and emotional support and access to an in-house counsellor, to avoid the NHS waiting lists; and, of course, a well-resourced school library and ICT provision.

All of these aspects have been, and continue to be, threatened in schools across our country that will not benefit under the fair funding formula. This situation cannot improve unless historic cuts are reversed and future insecurities addressed. The aims of the DfE and the Government are indeed worthy, but the question remains at the bottom line of this debate: can fairer funding also mean sufficient funding?

The Conservative manifesto promised an extra £4 billion in the schools budget by 2022. It seems that this promise is being broken. Only £1.3 billion has been provided so far and none of it is new money. The NAO estimated last year that it would cost £6.7 billion to return all school buildings to a satisfactory condition. The Government, however, are cutting £420 million from the capital budget, partly to fund this new core spending commitment.

My party, the Liberal Democrats, wants to protect per pupil funding in real terms; that must involve new money from the Treasury. Our party's election manifesto also included calls for additional capital investment in schools to support capacity increases and modernisation.

So here are a few questions for the Minister. In view of the National Audit Office estimate of £6.7 billion to return all school buildings to a satisfactory condition, why are the Government, instead of finding new money from the Treasury, cutting the capital budget to fund this new core budget spending commitment? The Government have ended the pay cap by awarding police and prison officers pay rises of above 1%. Will they now look again at giving teachers a pay rise above 1% too, with the Secretary of State increasing the schools budget accordingly?

The Government have abolished plans to make private schools help neighbouring state schools or lose their charitable status. This comes at a time when many state schools are increasingly unable to afford building repairs and are forced to cut back on resources for their students. Will the Government reconsider these plans?

What impact on children's health do the Government believe funding the core schools budget by cutting capital funding for PE facilities will have, particularly when childhood obesity rates are continuing to rise?

Per pupil funding for 16 to 19 year-olds in sixth forms and FE colleges has been frozen since the 2015 Spending Review. Now that the Government are pledging that per pupil funding for school pupils will increase with inflation, will this be extended to 16 to 19 year-olds?

Education is about empowering each individual. Schools should be about encouraging each young person to discover something they like—something they can become good at and maybe make a career out of. That is the way to give each individual some self-esteem: to feel good about themselves. I am reminded of the young mother who was concerned that her 10 year-old daughter was not making sufficient progress with maths and English. She went to see the class teacher to explain her worries. The teacher told the girl he was going to show her mother something for a few minutes. The teacher and the mother left the room, but as he left the teacher turned on the radio. He then turned and asked the mother to look through the little glass window in the classroom door. She saw her daughter dancing to the music on the radio. The teacher explained that she was a dancer—perhaps she was not the greatest academic in the world, but she liked dancing. He suggested dancing lessons. That young girl turned into one of the most successful choreographers ever to work in the West End.

A good school is one which enables each child to make that kind of discovery. Thank goodness for the wisdom and vision of that teacher. At the end of the day any school is only as good as its staff. We should treasure them and make them feel valued.

1.35 pm

**Lord Watson of Invergowrie (Lab):** My Lords, I too join in congratulating the noble Lord, Lord Bird, on securing this important debate and for focusing on a topic that has been a major concern to anyone with an interest in school education for quite some time now.

A major factor that swayed the way in which many people voted in the general election earlier this year was school funding. At the start of the campaign in April, polling showed that education was the fifth most important issue when people in England were deciding how to vote. By election day, following the campaign work of the Labour Party, the Lib Dems, the Greens and the education trade unions, which produced much positive media coverage, education had risen to be the third most important issue in the minds of voters. I like to think that was in part due to the Labour Party's manifesto commitment to not just reversing the cuts of the past seven years but properly funding schools in the years ahead. The election outcome meant that a Government shorn of their majority had to confront the force of that argument. Pressure from many of their own MPs led to the announcement by the Secretary of State in July of an additional £1.3 billion, to be redirected within the DfE's budget for schools for the two years from April next year.

However, the real-terms cuts that I mentioned schools have suffered since 2010 are not being reversed. Far from it because, as the noble Lord, Lord Jones, has

just said, there is not a penny of new money being allocated. There has been a tacit acceptance that the current funding settlement is insufficient, which is of course welcome, although that leaves much pain still to be suffered by schools. That is not just a party-political point because the Institute for Fiscal Studies has said that all the £1.3 billion will do is reduce what would have been a 6.5% real-terms cut between now and 2020 to one of 4.6%. The National Audit Office and the Education Policy Institute have produced similar figures.

Despite an £8.4 billion DfE underspend in 2016-17 the Government still defend their projected funding levels, saying that more resources than ever are going into schools. But that is a meaningless soundbite; of course more than ever is being spent, because there are more pupils than ever. What matters is the funding per pupil. In her Statements in July and September, the Secretary of State said that the new version of the formula was about fairness. How can funding ever be fair if it is not sufficient? It needs to be emphasised that the Government are not ensuring that all schools are fairly funded, as 88% of schools are facing real-terms budget cuts per pupil between 2015-16 and 2019-20. On average, this equates to £52,500 in cuts to primary schools and £178,000 in cuts to secondary schools.

I had intended asking the Minister for some additional information on the thus far unidentified sources of the £1.3 billion announced as additional investment by the Secretary of State in July. But I will leave that for now because the last two days have graphically demonstrated that the Government's rose-tinted view of the future funding of our schools is not shared by others. On Tuesday, a delegation of school leaders delivered a letter to the Prime Minister seeking a radical rethink on school funding. On the same day, in her role as chair of the Public Accounts Committee, Meg Hillier MP sent a strongly worded four-page letter to Jonathan Slater, Permanent Secretary at the DfE. She pulled few punches in deconstructing his defence of the national funding formula. I will select from her comments to give a flavour of the committee's very real concerns.

In response to the additional £1.3 billion being allocated over the next two years, Ms Hillier said:

"We pointed out that this additional funding when balanced against £3 billion of efficiency savings the Department expects to be delivered by 2019-20 was not a net gain for schools".

This puts the additional funding in perspective because it means that £1.7 billion is required merely to stand still. Ms Hillier also queried whether the DfE has plans and the capacity to help schools which cannot meet efficiency targets, saying that the Public Accounts Committee was,

"hearing of schools restricting their curricula and teaching hours", which of course is not by any description efficiency savings. The Public Accounts Committee's concerns were summarised by Ms Hillier stating bluntly:

"We remain concerned about the support the department and the ESFA can realistically provide to schools whose budgets cannot stand up to the savings demanded of them".

Of course, I am sure that I do not need to state to noble Lords that that is a cross-party committee.

[LORD WATSON OF INVERGOWRIE]

The case was further enhanced yesterday with the shocking news from the Prime Minister's own constituency of a school writing to parents asking for a daily donation of £1 per day to help pay for teaching materials, including books. The head teacher's letter says that,

"we would like to suggest that parents donate £1 per school day for each child to help the schools through this funding crisis. This equates to £190 per year".

The head teacher received a response from the Schools Minister, Nick Gibb MP, although it sounded more like a rebuke. We know that Mr Gibb is prone to get rather tetchy on the subject of school funding. Just two weeks ago, he had to be restrained at the end of a debate on school funding in Westminster Hall, when he aimed a tirade at my colleague and shadow Schools Minister, Mike Kane MP. His response to the head teacher's letter was that the school in question, Robert Piggott Church of England school in Wargrave, Berkshire, would receive around £10,000 a year extra in 2018 under the new funding formula. The parents of children at the school probably chorused in unison, "Big deal!", because that will go only a fraction of the way towards meeting the shortfall that the head teacher is trying to make up. Robert Piggott school has 311 pupils; if the parents of each were able to pay the annual £190, it would produce a figure in excess of £60,000, which is very close to the average figure that I mentioned earlier. Yet Mr Gibb expects them to be able to make do with a paltry £10,000 extra. What world does he live in? The whole affair was put into sharp context by one parent, who said:

"I've got two children at the school so that's around £400 a year, but my salary hasn't gone up to cover that".

Nor is that an isolated case—would that it were. The Minister will have seen what I thought was a worrying, even depressing, report in the *Times Educational Supplement* last week. It concerned a survey carried out for the Academies Show by an independent research consultant which showed that nine in 10 school leaders expect their school's finances to get worse over the next two years, despite the new funding announced, and almost half of school leaders think the quality of education in England will decline during the next four years.

These are the men and women in the top positions, intimately involved day to day in running our schools. It is not just head teachers but chief executives, business managers and vice-principals. They are the experts; they know the situation on the ground far better than anyone—with all due to respect to those in the Box—sitting in the DfE's Great Smith Street offices. When school leaders speak, they do so with authority and the Government should listen. I hope they will.

Another body that the Government should listen to is the Local Government Association. Again, that is not a partisan body, unless you regard wanting to defend services for local communities as partisan. Noble Lords will have received a chilling briefing for this debate from London Councils, the local government association for the capital. The proposed national funding formula allocations would mean only 27% of London schools receiving funding that adequately meets the cost pressures they are facing, compared to 56% in the rest of England. London Councils' analysis

of the provisional allocations show that London's schools will receive a significantly lower proportion of the new money than any other region in the country. Fourteen London boroughs will see more than 90% of their schools receive just the floor of 0.5% per pupil in 2018-19.

Local authorities should be seen by the DfE as improvement partners in ensuring that every child has access to a place in a good school. Research undertaken on behalf of the Local Government Association highlights the strong role of councils in providing good school places, with 91% of maintained schools rated as good or outstanding by Ofsted compared with 85% of academies and 84% of free schools. In case the Minister or his officials deem the research—which was undertaken by independent education consultants called Angel Solutions—biased, it should be noted that they used Ofsted's methodology and published data to assess the performance of both maintained schools and academies.

With next week's Budget Statement in mind, I hope that the Secretary of State has impressed on the Chancellor the need to allocate new money for the education budget in general. Can the Minister reveal to noble Lords whether the Secretary of State has specifically asked for new money for schools funding? This is more than justified in order to take account of the fact that impartial organisations such as the National Audit Office and the Institute for Fiscal Studies have highlighted the need for at least £2 billion more each year just to maintain funding in real terms in the face of inflation, additional costs such as national insurance contributions and staff pensions, plus the apprenticeship levy—which is another issue that should not even apply to schools—and of course rising pupil numbers.

The Minister comes into government with a clear understanding of how the Department for Education works, having been an executive board member, and of the need for real-terms increased school funding, not just recycled resources, having established and chaired a multi-academy trust. He needs to fuse those two and ensure that he fights education's corner to end the constant uphill struggle being faced by our underfunded state schools.

1.45 pm

**The Parliamentary Under-Secretary of State, Department for Education (Lord Agnew of Oulton) (Con):** My Lords, I am pleased to answer this Question for Short Debate, and thank the noble Lord, Lord Bird, for initiating it. We want fair access to a good school place for every pupil, regardless of their background. Over the past seven years, we have made significant progress: more schools than ever are rated good or outstanding and, since 2011, the attainment gap for disadvantaged pupils has decreased by approximately 7%. However, that progress has been made against a backdrop of unfair and arbitrary funding which has, for too long, acted as a brake on the progress. That is why we are delivering on our promise to reform the unfair and opaque school and high-needs funding systems.

At the heart of the Government's ambition to provide good school places is the aim to drive up social mobility, as referred to by the noble Lords, Lord Fellowes and Lord Bird. This is the route out

of poverty. We want to lift up those areas that have historically been left behind and ensure that pupils can reach their full potential. Beyond the core schools budget and the national funding formula, the Government will invest a total of £72 million in 12 opportunity areas over the next three years. The right reverend Prelate the Bishop of Ely recognises the importance of helping some of the most disadvantaged areas in the country, which is what we are trying to do. Opportunity areas will also receive a share of the £75 million teaching and leadership innovation fund to support high-quality professional development for teachers and leaders, and a share of the £280 million strategic school improvement fund for schools most in need of support.

The noble Lord, Lord Bird, refers to the dismantling of poverty. We recognise the impact that living in poverty has on a child's start in life and that education plays a key role in ensuring that every child can access the same opportunities. That is why this Government are focused on tackling the root causes of poverty by building a strong economy and getting people into work. The noble Lord, Lord Fellowes, used a term for which I am grateful, saying that education is an actuator of social mobility. That is better written than what I have written down here, and I could not agree more. That is why we are dramatically increasing access to childcare at the early stages of a child's life and driving higher standards in further and technical education at the other end of childhood.

The noble Lord, Lord Fellowes, also refers to technical education. We know that education goes beyond our schools. Post-16 education plays a crucial part in supporting future economic growth. We will protect the national base rate of £4,000 per student for the duration of the Parliament, and have announced an additional investment in technical education rising to a further £500 million. In October, we set out our plans on how we will implement T-levels, the 15 new technical education routes to skilled employment for 16 to 19 year-olds. These reforms will build on the changes already made to secure a streamlined and sustainable technical education system which, importantly, is supported by employers.

The noble Lord, Lord Jones, and the right reverend Prelate referred to fair funding. As announced in the Queen's Speech, the Government have recently responded to the consultation on the national funding formula. This represents the biggest improvement to our system for funding schools in over a decade. Together with the additional £1.3 billion of schools revenue funding across the next two years, announced in July, this will help to ensure that schools get the resources needed. To address the point made by the noble Lord, Lord Watson, the new formula will allocate a cash increase of at least 1% per pupil to every school by 2019-20, with higher gains for some of the underfunded schools.

We recently published full details of both the school and high-needs national funding formulae, and the impact that they will have for every local authority. This includes notional school-level allocations, showing what each school would attract through the formula. I can send the link to the noble Lord, Lord Jones, if he would like more information on that.

Responses to our consultation stressed the importance of funding for children with additional needs, such as those suffering deprivation and low prior attainment. Nationally, the formula will allocate £5.9 billion in additional needs funding, with a further £2.5 billion delivered through the pupil premium, which was introduced in 2011. The intention of the pupil premium was to encourage schools to recruit pupils from less well-off backgrounds and to then create an added-value learning environment for less advantaged pupils to benefit from.

The noble Lords, Lord Watson and Lord Jones, referred to proper funding. The department has been working hard to identify efficiency savings, which will ultimately result in the £1.3 billion cash boost for schools. Making savings and efficiencies allows us to maximise the funding directly allocated to head teachers. I hope that that goes some way towards addressing the concerns of the noble Lord, Lord Watson. The independent Institute for Fiscal Studies has confirmed that the additional investment of £1.3 billion will mean that funding per pupil across the country is maintained in real terms over the next two years. I know that it is unfashionable to say it but the IFS has also shown that per pupil spending in schools in 2020 is set to be at least 70% higher in real terms than it was in 1990.

To remain slightly unfashionable, we have to look at school efficiencies. We are clear that overall funding for schools and the distribution of that funding is important, but how the funding is used in practice is also vital. School efficiency must start with, and be led by, schools and school leaders. The department will continue to provide practical support, deals and tools. For example, the risk protection arrangement has already saved over £150 million as of August this year.

I take the point made by the noble Lord, Lord Watson, about remoteness in the department compared with the front line. I have come from the front line. I know that it is difficult but I will bring the expertise that I have gained on the front line to help the department to do more.

The noble Lord also asked whether we have identified the savings. I think that noble Lords are probably aware of most of them, but we will save £420 million on the department's capital budget, which includes £315 million from the healthy pupils capital funding. We will also save £280 million on the free schools programme and £600 million from the Department for Education's resource budget.

**Lord Watson of Invergowrie:** With respect, those are the figures that were given by the Secretary of State in July. I was asking for some of the gaps to be filled in. We knew that much; I was asking about the shortfall between those accumulated figures and the £1.3 billion.

**Lord Agnew of Oulton:** I will write to the noble Lord after the debate.

The noble Lord, Lord Jones, raised the issue of capital funding. Between 2010 and 2016, we invested over £28 billion in schools capital programmes, including £6 billion on basic need, £8 billion on condition and £1.4 billion on the priority schools building programme,

[LORD AGNEW OF OULTON]

dealing with some of the oldest schools on the estate. Since then, the Government have committed to invest over £23 billion in the school estate between 2016-17 and 2020-21.

The noble Lords, Lord Jones and Lord Fellowes, asked about our relationship with independent schools. We know that different parts of our education system can work in partnership to help deliver more good school places. We are close to reaching an agreement with the Independent Schools Council on what we can expect independent schools to do and how we can help them overcome the barriers that can get in the way of cross-sector working.

The noble Lord, Lord Jones, raised the issue of teacher pay. Of course we recognise that good schools are about good teaching as well as fair and proper funding. Decisions about teachers' pay are based on recommendations from the independent School Teachers' Review Body, and last year we accepted the recommendation of a 2% rise to the main pay range for teachers.

The noble Lord, Lord Fellowes, talked about cross-party collaboration. I certainly give credit to the previous Labour Government for the initiation of the academies programme, which is something that we have tried to build on, and for the London Challenge. I think that we agree on much. I accept that we will agree on some things but it is clear to me that we have things to learn from one another.

The noble Lord, Lord Bird, raised the question of pedagogy and the relevance of the existing curriculum for the modern world; the fourth industrial revolution, as he described it. We are making progress, certainly in two areas. Take maths, which is an essential underpinning if one hopes to go into any technology-based career. In 2010, only 22% of children in the state system were studying maths at GCSE, and that has increased to 38%. We also now have 62,000 pupils entering computer science GCSE, which has gone up year on year.

I again thank noble Lords for their contributions to this debate. Many important points have been raised and I will write to address those that I have not had the time to respond to fully. I want to emphasise that for this Government social mobility and good education are high priorities. I met the noble Lord, Lord Bird, yesterday and he said that he sees the approach to poverty as being based on four categories: prevention, emergency, coping and care. His assertion is that not enough emphasis is placed on prevention. I wholeheartedly agree with him and believe that education is the best form of effective prevention against the mire of poverty.

**Lord Adonis (Lab):** I warmly congratulate the Minister on his appointment. Is he aware that in Blackpool, one of the opportunity areas to which he referred, there is a pupil referral unit with almost 400 pupils? That is by far the largest concentration of excluded pupils in any pupil referral unit in the country. Does he agree that this is a social crisis? Would he be happy to meet me to discuss how this urgent situation can be addressed?

**Lord Agnew of Oulton:** I would be delighted to meet the noble Lord to discuss the matter further.

1.56 pm

*Sitting suspended.*

## Farm Support

### Question for Short Debate

2 pm

Asked by **Baroness McIntosh of Pickering**

To ask Her Majesty's Government what are their plans for future farm support.

**Baroness McIntosh of Pickering (Con):** My Lords, I welcome this opportunity to pay tribute to those who till the land and battle the elements to put food on our tables. I refer noble Lords to my entry in the register of interests. I have the honour of chairing the Environment, Food and Rural Affairs Committee in the other place and, as well as being an MEP, I practised European law in Brussels.

In preparation for the debate, I have consulted widely with farm organisations, other NGOs and environmental groups. I thank them for all they do to support farmers in the rural community. The hills are alive with the sight of lambs and calves, sheep and cattle, many of which are tended by tenant farmers, some on common land. They lie at the heart of the rural economy yet they face many challenges, not least the weather and a lack of good broadband access. Market towns and rural communities thrive when farmers prosper, yet farming confidence has fallen in the past two years. European Union membership currently provides a market of 505 million consumers as well as support for British farmers. The UK exported more than £13 billion-worth of food and non-alcoholic drinks in 2016, 71% of which went to the EU and 28% to non-EU countries. Farming is the UK's largest manufacturing sector, generating £109 billion in value for the UK economy, while our farmers maintain over 70% of the UK land mass.

Support for farmers currently takes the form of direct farm payments and environmental stewardship schemes. Brexit means changes on a scale we have not seen for over 40 years. There could arguably be put forward a scheme similar to that of deficiency payments which existed before 1973. Alternatively, the Government could look to loosen the link between support and food production, and reward farmers for environmental schemes that benefit the local community such as planting trees, temporarily storing water on their land or improving the natural habitat and soil.

I took the title of Pickering not least because Pickering's "Slow the Flow" scheme could be the model for such schemes providing public good. Work is ongoing to set a price on certain activities by recognising and putting a value on the natural capital of the countryside. I welcome my noble friend the Minister to his place and I look forward to his summing up. I ask him that when the natural capital may eventually lead to payments for ecosystem services, those will have been properly tried, tested and piloted before being rolled out. What is certain, and I am sure that my noble friend will agree, is that hill farmers and others farming in the uplands and less favoured areas will continue to need support or to be encouraged to produce more food to stimulate greater consumption at home, substituting imports where possible.



Currently, the UK has a negative agri-food trade balance of £22.4 billion and is a net importer of food. Surely the emphasis must be on greater self-sufficiency at home and generating more exports as well as food security. Going forward, a key factor will be continuing to have access to a regular supply of EU workers post Brexit. In terms of the sustainability of food production at home, we must ensure that a large raft of land will not be lost to a massive housebuilding programme, thus taking it out of food production.

The most obvious support is cost free: boosting trade and learning from our near neighbours how to export more. Denmark, with a population of under 6 million, has an export level far higher than ours and has long been exporting to emerging markets such as China, which we are only beginning to enter seriously now. We can also learn from the Danish Co-operative Movements, specifically Arla and other such models. I pay tribute to the role of the agricultural attaché working out of Beijing, which has substantially boosted exports of food to China. I am delighted to be associated with the export from Malton of pigs' trotters and other pig parts which we do not currently enjoy in this country, but are a major delicacy in China.

Live animal exports are important to north Yorkshire and elsewhere, contributing significantly to the local economy and ensuring vibrant futures and steady incomes for hill farmers, yet the agriculture Secretary has stated that he wants to ban the export of live animals. These exports are currently small in number and highly regulated compared with the trade in carcasses. Lambs from north Yorkshire and other upland areas are fattened and finished in France every spring. Around 70% of UK pigmeat exports go to the EU. These are predominantly cull sow carcasses as there is no market for them in the UK. World Trade Organization tariffs would render such exports unviable, so the prospect of no-deal Brexit would leave pig producers and others very exposed to being treated like any other third country as exporters to the EU.

The ability to move fresh produce unhindered across European borders after Brexit is essential to prevent the loss of perishable goods because of hold-ups at customs, but regulations have yet to be put in place to ensure that imports meet our high animal health and welfare standards. Increased prices of imported machinery and tariffs on pork imports could jeopardise the sale of pork. Post-Brexit there will also be a need to ensure that animals can travel to other EU countries for breeding, horse-racing and other purposes—not to forget pets, which currently benefit from pet passports.

Today's debate will give the Minister the opportunity to update noble Lords on the Government's current thinking on future farm support, their policy on live animal exports, and specifically the status of the tripartite agreement between Britain, France and Ireland for racing purposes. The lead-in time for farm products, including livestock, cereals and dairy, is a minimum of 12 to 18 months. Decisions for 2019, therefore, must be made by March 2018 at the latest. The Grocery Code Adjudicator must be given more powers to investigate breaches in the supply chain before we reach Brexit and should apply to the indirect as well as the direct supply chain, such as dairy. After Brexit, I hope that the Secretary for Environment, Food and

Rural Affairs, Michael Gove, who is rightly committed to maintaining our high levels of animal health and welfare standards when we leave the EU, will ensure that these measures are not entered into unilaterally but in step with other producer countries. It is also hoped that the farm-assured Red Tractor scheme should also apply to all food sold in the UK and that food sold through retailers here should carry mandatory country-of-origin labelling.

We must learn from the sow stall and tether ban in the 1990s when, regrettably, the UK unilaterally imposed tough new production standards on home pig producers yet allowed imports from other countries producing pigs to lower welfare standards. As a result, more than half of UK pig producers went out of business. Equally, post-Brexit imports under new trade deals must also meet high British standards of animal health and welfare. There should be no place for substandard imported poultry from Brazil or chicken and beef from the USA and elsewhere. Alternatives to securing more exports are challenging in different ways. I believe that it was a mistake to drop the idea of remaining in the single market and customs union before starting negotiations. The 40-plus existing free trade agreements that we currently enjoy through membership of the EU will no longer apply to the UK post-Brexit. New agreements to replace them will take years to negotiate.

Farmers are looking to export to new markets outside the EU free trade agreements through relationships with African, Caribbean and Pacific countries and with new countries such as Vietnam. These markets, however, do not compare in size with the current EU market of 505 million consumers. The World Trade Organization's most-favoured nation arrangement would be dire for farmers. In any event, the principle of applying equivalent standards must remain. There must be arrangements for new entrants and the trading arrangement with the UK must become apparent now.

In conclusion, any new arrangement must be based on equivalence and reciprocity, and we must know, in the event of disputes—I hope the Minister will explain this today—what the dispute resolution mechanism will be if it is not to be the European Court of Justice. What will the UK's future relationship with the EU be? What will farm support look like from 2022 when the annual £3 billion ceases? These are real issues that are causing great concern in the uplands and elsewhere. The Minister is in the right place to respond to them today.

2.10 pm

**The Earl of Caithness (Con):** My Lords, I thank my noble friend for introducing this important debate. It is so good that agriculture has been debated more regularly in this Session than, I think, during the combined past three Sessions. It will continue to be debated because it is a key industry—probably the most affected industry, for those involved with it, when we exit through Brexit.

Although I voted to remain in the EU, Brexit cannot come soon enough for our environment and our farmers. The sooner it comes, the better. The common agricultural policy has been bad for the environment: birdlife on farms has halved since we have been in the CAP, and

[THE EARL OF CAITHNESS]

biodiversity is in constant decline. The common agricultural policy also made the fundamental mistake of separating farming from the rest of the environment, and it has been bad for taxpayers' money because that has been untargeted. It has been bad for farmers because it has given them the wrong sort of support, restricting their ability to innovate and their opportunities. It has also kept bad farmers in a living when they should have gone, and put the future of our grandchildren at risk.

I say that because farmers need three key ingredients; air, water and, most importantly, soil. It is soil that has not had enough attention. In the UK, we have lost 84% of our soil since 1850. There are, at the most, 100 harvests left. We are losing at the moment between one and three centimetres of topsoil every year, and it takes 1,000 years to create three centimetres of topsoil. If we continue with the way we have been farming under the CAP, there will be no farmers—not even, I say to my noble friend, in Yorkshire. There will not be any in Caithness even with global warming, which is not going to help them. We will have to look at other models.

The recent Chatham House report, published earlier this month, sets out four models. The first is the sector protection model, which has trade barriers and subsidies. This is the model employed by Japan, Norway and Switzerland. The second is the decoupled subsidy model, which is the disastrous EU model that I have referred to. The third is the insurance model, where payments are made to farmers if prices or incomes fall below a certain level, which is the policy employed by the US and Canada. The fourth is the market-oriented model, which is low in subsidies and in barriers to imports. That is the one employed by New Zealand and Australia.

I do not advocate fully that last model, although it has been touted by some. My reason is that it does not take long for the farmer to go from being the hero to becoming the villain. That is the case in New Zealand, where the mistake the New Zealanders made—which I hope we will not make—was to divorce farming from the rest of the environment. The farmers, who were widely praised for improving their productivity, as we need to do, and for competing on the world stage, as we need to do, forgot the environment. The pollution from the farmers has now made them the enemy of the people.

We are hugely lucky in this country that we are 75% self-sufficient in our indigenous foods, which is a great bonus. My noble friend is lucky to have that as the backdrop to producing the 25-year environment plan. I would say to him: please tell us that the plan will include farming and other rural matters. The whole lot is integrated and farmers cannot be looked at on their own any more.

The big question my noble friend and the department are facing is the balance that is needed to have an agricultural sector which operates at world-class standards of productivity and world-class standards of animal welfare and transport, as well as protecting the environment. Behind all that is the old adage coined in 1906 by Alfred Henry Lewis, which was used by the noble Lord, Lord Cameron, the other day:

“There are only nine meals between mankind and anarchy”.

2.15 pm

**Lord Whitty (Lab):** My Lords, I also thank the noble Baroness, Lady McIntosh, for initiating this debate. I have five minutes in which to make five points. Contrary to the noble Earl, my first point is: do not rush this. Broadly speaking, the Government have already committed themselves to paying under the present system until 2020, although I think that we should take a little longer going into the transition period. That is because it takes time for farmers to adjust and we can phase it in over a longer period once we know what we are doing.

Secondly, let us remember the inexorable relationship between the nature of our agricultural industry, trade and the pattern of support which is desirable. As has been said, 70% of our trade is with the EU, so we need a new relationship with the Union. If it works, that is fine, but if it does not, we will have a different form of agriculture in this country. If there are barriers between ourselves and the EU, substantial parts of our upland livestock will disappear because the EU is the main market. On the other hand, if we have, as some advocate, a global free trade area with virtually no barriers to the world, we will have very cheap and less-well-regulated imports from Brazil, the US and Australia. Again, significant parts of our agricultural sector would be eliminated and much of our consumer protection would be challenged, to say the least. We could opt for an autarkic “Fortress Britain” structure, which Mr Chris Grayling MP seems to think will lead to quadrupling our agricultural output. It certainly would do wonders for self-sufficiency, but unfortunately it would also increase costs and ensure that consumers have less choice. It would almost certainly drive lower regulatory standards and would probably stop us doing any deals whatever with anyone else in the world. So a support system that is appropriate will depend on the trade system that we have adopted.

Thirdly, we should remember that there were originally multiple objectives in the CAP which we are attempting to replace. The original treaty of Rome effectively saw protection and uprating the productivity of agriculture plus increasing the income of farming communities as its objectives. Added to those over time have been environmental objectives, although quite often they are seen as constraints rather than objectives. I will applaud Michael Gove for trying to ensure that whatever form of agricultural support eventually comes out of all this will in effect be a greener Brexit. We need more detail about the objectives in order to be clear.

The key inputs to agricultural production are the quality of the land, particularly of the soil, as the noble Earl said, and the quality of the labour applied. Unfortunately, the quality of both have rather suffered over the 50 years of the common agricultural policy in one way or another. Yes, productivity has increased through better breeding and more science being applied, but it has also led to the over-application of chemically based fertilisers and pesticides, and of course we have suffered the effects of development and therefore our soil has been degraded over time. It has also polluted our rivers and threatened our biodiversity, some of which the industry itself is dependent on, most obviously the bee population.

We also need to look at the quality of labour. The system needs a modernised, land-based workforce. We need to change from the overdependence of some of our agricultural sectors on migrant labour and, at its most extreme, seriously exploited labour in a way that gives the whole of the industry a bad name. We need to eliminate extreme exploitation and control and reduce the dependence on gangmasters. Where imported seasonal labour is still needed, we need a properly regulated replacement for what was once the SAWS system.

I believe that most of our labour could be recruited from the settled population here, but we need to ensure that those workers are better paid and better trained. On the latter, it is unfortunate that agriculture spends less money on training than any other sector in the economy. On the pay and conditions side, since the abolition of the Agricultural Wages Board, wages in agriculture have fallen relative to average wages in the economy, even in a period of low or negative growth in real wages generally.

On the management of land, we need to develop a holistic system of managing land, soil, water, wildlife and forestry. I think that is the way Michael Gove is moving but we need to be clearer about it. This cannot simply apply at the individual holding area level. We need co-operation between landowners and land managers. I see that the CLA is proposing a new land contract, but that has to be mandatory in form and not voluntary, although it may have voluntary elements. It needs also to be less bureaucratic, not more, than the worst features of the CAP.

We need to have clear sight of our objectives and to determine the quantum and not be dominated by the Treasury. We need to allow for a period of engagement, not only of farmers and the rural community but of the whole of the food chain and the rest of us. We have an opportunity, but let us get it right.

2.21 pm

**Baroness Wilcox (Con):** My Lords, what are the Government's plans for future farm support? I am already beginning to hear things that I had not really thought about. I hear a great deal from the noble Lord, Lord Whitty, because we are both on the European Select Committee, which has good cross-party coverage. I will not talk again on the points he raised so as to give everybody a bit more time.

I start by saying that my noble friend Lady McIntosh, who was a bit worried about making her speech today, should not have worried. It was an excellent speech which set us off on the right way. My noble friend Lord Caithness frightened me to death, as he often does. However, he talked about other models entirely and reminded us of the ways in which we are lucky. What the noble Lord, Lord Whitty, said was quite worrying too. I feel I must cheer us all up a bit, because we have lots to do.

I serve on the European Select Committee, where everything is done on a cross-party basis and we all get on with everybody very well. For this particular piece of work, we realised that there was a lot for us to learn. We submitted our *Brexit: Agriculture* report to the Government, and no doubt the Minister will speak to that when he gets up to put everybody at ease. He will respond today on the Government's plans for the

future, and so I felt that the best thing I could do was to take some recommendations from our European Select Committee report and remind us exactly what was said on your behalf.

Many farmers rely on Pillar 1 and Pillar 2 funding to keep their businesses viable. Any substantial reductions in the level of support would have a significant impact on both the agricultural sector and the wider rural economy. We felt that the Government should clarify as much as possible their intention regarding financial support post 2020 to provide the certainty required to make the investment decisions that are needed.

Brexit provides an opportunity for the Government to evaluate not only the level but the objectives and structure of financial support to farmers, and to design simpler support schemes which are effective in the context of UK agriculture. This could include support for the rural economy or those in less-favoured areas, such as hill farms; investment in technology; the improvement of productivity, as we have heard about today; environmental protection; or ensuring that UK farmers are not at a competitive disadvantage compared to their EU counterparts. We encourage the Government carefully to review the needs of the agricultural sectors across the UK and consult with the industry to ensure that any future support is targeted and effective.

There is a case for continuing to provide financial support to farmers after 2020 to correct market failures and deliver public goods, such as environmental protection and ecosystem services that would not otherwise be paid for. We recognise that agriculture will be competing with many other sectors for public expenditure. The agricultural sector will have to make a strong case to maintain financial support at the same or similar levels to those provided under the CAP. WTO rules may hinder the design of support schemes tailored to UK objectives. The Government should factor these constraints into their post-Brexit agricultural policy and negotiate a share of the EU's amber box allowance to maximise their options for designing an effective post-CAP support scheme. They should also consider how to support the provision of public goods through agriculture in the event they do not secure such a share.

There we are. I believe we are on our way to a much better life. I listened to the noble Lord, Lord Whitty, trying to frighten us, but in among it all we could hear that he too is excited about where we can go when we come out of the common agricultural policy. The Government have a manifesto commitment to maintain the same cash total in funds for farm support until the end of this Parliament. That commitment should help to provide stability for farmers over time as we develop a new agricultural policy working closely with the devolved Administrations and those affected. The decision to leave the European Union provides an opportunity to design a new agricultural policy from first principles most effectively to support the agricultural sector.

2.26 pm

**Lord Cameron of Dillington (CB):** My Lords, in thanking the noble Baroness, Lady McIntosh, for introducing this short debate, I declare my interests as a farmer and landowner. We will undoubtedly see much change in agriculture over the next 10 years. In that context, I have four points to make.

[LORD CAMERON OF DILLINGTON]

First—here noble Lords will see I am on the side of the noble Lord, Lord Whitty, rather than that of the noble Earl, Lord Caithness—we should change the current system slowly. Anyone looking to alter their customer base or marketplace knows that the first requirement is to ensure that you do not lose your old customers before you have properly embedded your new sales programme. So if farmers are reckoned to become new customers of Defra on Brexit, providing a variety of services, it is important they are given time to change and understand where they might fit into this new marketplace. In other words, the current system of single farm payment should be gradually diminished over, say, five or eight years. It has never been a good system and provides little reward to society, but we do not want a cliff edge.

Secondly, farmers are unlikely to come out of Brexit well. The Brexit discussions will involve multifaceted trade negotiations of all sorts—financial services, cars, steel, whisky and wine, et cetera—with agriculture somewhere at the bottom of the heap. I suspect that France, Germany and Italy will be keener to protect their farmers than the UK Treasury. On the basis that non-EU countries currently have to pay 40% to 50% tariffs on food coming into Europe, this could be seriously bad for UK farmers, most of whose current exports go to the EU. Our only hope is that we can achieve some form of import quotas into the EU—even if on only a temporary basis—as near as possible to our current trading quantities.

Thirdly, post-Brexit trade deals are unlikely to improve matters. Again, these deals will be multifaceted and multicommodity and UK agriculture will be only a small pawn on the chessboard. Bear in mind that cheap food is usually a good vote winner for any Government, so cheap Australian and US beef or even chicken will be knocking on the door along with other products from hotter climes where labour is cheaper and the regulatory regime looser. Our farmers will not be able to compete. Our only hope is to ensure we impose high standards on all food from whatever source and, above all, retain very good traceability on both domestic and international products.

My fourth point is about the opportunities presented by Brexit. It amounts to a question of how much and for what the Government are prepared to pay land managers for services to society. Bill Bryson once said that apart from producing good, healthy food, the unique feature of the English countryside is that the English people love it to death. Indeed, they have much to be grateful for to our farmers and landowners, and I believe that they—the taxpayers—will not mind paying for environmental land services of all sorts. But there must be profits allowable in the scheme or schemes. Cost-price services, as at present, simply will not do. As I have explained, there will not be many other profits around for farmers, so the state must ensure that farmers are properly rewarded for what they do.

My main point, in summary, is that by hook or by crook we must ensure that our farmers can survive on the land. My last speech on this subject focused on harnessing an improved and diversified economy to keep farming households in place in all parts of our countryside. If we lose those households, we risk

losing that hugely important and well-loved heritage asset that is the English countryside, created and nurtured by our forebears from Roman times to modern day and, as I say, still greatly loved by our nation. Of course, it changes and will continue to change, but it will always need nurturing by those who know and love its every fold and stream.

2.31 pm

**Lord Kirkhope of Harrogate (Con):** My Lords, this is the first time that I have had the honour of appearing in this particular location. I am very pleased to be here to support my noble friend in her debate. I have nothing relevant to declare on the register or elsewhere, other than my deep respect and support for our farmers and the rural communities that support the enterprises around farming. There is a bit of a Yorkshire mafia here today. I had the pleasure and privilege of representing Yorkshire in the other place and in the European Parliament for getting on for nearly 30 years before I came here. The importance of farming to the economy of Yorkshire, as to the rest of the United Kingdom, should never be underestimated.

I have two things to say. First, planning is essential in most of the things that we are involved in, but it is particularly important for farming communities. While, of course, five-year, 10-year and 25-year plans are more likely to be seen in socialist state-controlled economies, nevertheless the Government a little while ago was talking about a 25-year plan for agriculture. That is a long time; it is an awful lot longer than the plan we have in place, or are putting in place, for leaving the European Union. That just underlines a simple fact—that farming cannot plan for two or even five years, because it is all about things such as crop rotation, inheritance, viability, diversity, food prices, volatility in marketplaces, and trying to determine how to invest to keep your farming successful. It is a profession; it requires the adoption of interest in farming by young people, through the education system as well as through their families. Keeping young people on farms is now a particularly difficult problem. I was interested to hear my noble friend Lord Cameron speaking about communities and keeping farming on the land—and enough farmers. I fear that that will be an even greater problem if we cannot give sufficient certainty to farming communities that they will continue to receive not only financial but political support in the years ahead.

In that sense, I mention a social aspect. Farming is a highly pressured occupation, even without some of the uncertainties to which I refer. I pay tribute to the National Farmers' Union for its support of the farming community, but I pay tribute too to the Farming Community Network, a charity set up to support farmers who have such pressures. Interestingly, mental illness and those sorts of things are much more prevalent in rural communities than in urban ones, and therefore that support seems very worthy, as is the Royal Agricultural Benevolent Institution, which has stepped in on many occasions to give good and useful advice to farmers when they have had pressures—mostly of a financial nature but nevertheless pressures. The Addington Fund and other organisations have been involved as well. I hope that a similarly friendly and beneficent

approach can be continually adopted by our banks. I hope that it can also be adopted and maintained by our Governments.

Great challenges lie ahead. One is simply to make sure that the children in our cities start to know that when they eat meat, it has something to do with farming and animals. Surprisingly few do. Support for farming has to come from an understanding of it and its contribution to our economy both by the Government, as I have said, and by society as a whole. I hope that in our debate we will make that quite clear and that my noble friend will be able to respond to those social aspects of farming, which, in many ways, are just as important as the financial ones.

2.36 pm

**Baroness Redfern (Con):** My Lords, I too thank my noble friend Lady McIntosh for tabling this important debate. I am sure that we will have more debates on agriculture as we go through the transitional period.

I have worked in agriculture for more than 30 years and I understand how important it is to the economy. I was out walking with Daisy and Ted, my two dogs, at the weekend, enjoying the countryside while listening to the gaggle of geese flying over in their distinctive V shape towards the Trent Valley, and looking at the very diverse farming around me, recognising how much it contributes to the welfare of our communities and business sectors. Therefore, regarding future farming support, I am pleased that the Government have already responded to the period of withdrawal from the EU and I welcome their commitment to continuing to guarantee CAP Pillar 1 until 2020 with a future guarantee of CAP Pillar 2 funding to include agri-environment schemes. I hope that Defra will bring forward as quickly as possible further policy options to reassure the farming and agricultural communities about the need for continued clarity and certainty as the Government go through the process.

It is very important that the agriculture Bill sets out a clear framework, not only with a sustainable direction accompanied by agreed timescales, particularly in the early stages, but with a commitment to continuity and certainty while giving confidence to farm businesses. When we leave the EU, we need to avoid costly and disruptive customs checks for our export markets, as delays will have a significant negative impact on the agri-food sector, in which products are often perishable and food supply chains are highly integrated.

It is important to stress the need to present as an opportunity the securing of a decisive break from the CAP and to establish our own ambitious and environmentally responsible policies so that we can achieve a sustainable future for agriculture. Unfortunately, experience in the past has shown that bold CAP reform decisions have often been implemented in a rush, or in the absence of policy certainty, creating significant delivery problems for agencies and delaying payments for farmers. The ambition for the sector would be to focus on restoring our natural heritage while building resilience and supporting production that is sustainable, innovative and humane.

There is no doubt that the CAP is outdated and very complicated, with about £2.5 billion per year used for direct subsidies based on land acreage.

Unfortunately, the decline in biodiversity has affected many farmland birds and wildlife—in particular, as the noble Lord, Lord Whitty, said, bees and other pollinators, which play an important role in natural habitats and feed supply by pollinating crops and wild plants. This area needs to be supported and to play an integral part in the future agriculture Bill.

The goal for the UK is to create a world-leading food and farming industry which supports farmers in adapting to climate change, increases energy efficiency and helps reduce farmers' exposure to volatility in prices of fertilisers, pesticides, labour and energy. Investment in IT and digital solutions will help them to drive competitiveness. Whether directly or indirectly, we have a unique opportunity to include as many organisations as possible in discussions during the implementation of the 25-year environment plan and to consult widely.

Families and young people wanting to settle, work and grow in rural settings are being priced out of areas they have known all their lives because of the lack of affordable housing. That puts a huge strain on rural economies, populations and vital community services. We have witnessed village pubs, post offices and rural schools closing because of ageing and dwindling populations. Evidence tells us that high-quality and affordable new homes can transform rural communities.

At this moment, the UK has a negative agri-food trade balance of £22.4 billion, making it a net importer of food with a self-sufficiency ratio of 61%. The question is how we can grow better, sell better and export better in supporting the UK to lead the way. With our reputation for high animal welfare, we must ensure that imports meet these high standards so that UK farmers are not placed at a competitive disadvantage. It is imperative that welfare standards are embedded in any future trade agreement.

Farming matters to the UK. Farmers are the stewards of our lovely countryside.

2.41 pm

**Lord Grantchester (Lab):** I thank the noble Baroness, Lady McIntosh of Pickering, for introducing this timely debate. She has set its parameters excellently. I also thank all other noble Lords who have contributed today. Time may preclude me being able to mention them by name, but I hope that I will echo many of their remarks. The debate will perhaps underline for the Minister what he has got right in the Government's forthcoming agriculture Bill, what he may be doing ill-advisedly, and what he may have forgotten about. I declare my interests as a farmer in receipt of EU funds and having been involved in food businesses beyond the farm gate.

There is universal approval for the view that farm support involving public money must be given only in exchange for public benefit. Bearing in mind how fundamental to the well-being of many sections of agriculture is farm support, we wish the approach to be consistent and stable in securing farming's future according a long-term economic plan. This is not what the farming community is hearing from the Government at the moment. Admittedly, agricultural policy, like most other policies, is not easy when the

[LORD GRANTCHESTER]

Government have many competing objectives. I trust that the Minister will outline which of his department's priorities and choices the Government will commit to undertake in the agriculture Bill, and assure us that they will not be undermined by another Minister in the Brexit negotiations.

As part of public benefit, future farm support should reward responsible land use. With this being undertaken by farmers, it is recognised that stable support is needed against the rising volatility of market returns. Responsible land use also includes stewardship of the countryside and the environment and the welfare of animals. Fundamentally, responsible land use means protecting and enhancing our soils for future generations and for healthy foods. Measures are needed to improve soil nutrients and soil structures. The science around glyphosates needs careful attention so as to promote minimum tillage and least soil compaction from modern heavy machinery. Hedges, wildlife corridors and the biodiversity of songbirds and pollinators need significant measures in this respect. I would be grateful if the Minister could outline how this formulates into land management contracts and targeted stewardship schemes. What it must translate into is a strategic food policy that takes account of the diverse food chain to produce stable prices for consumers and enables the market to support the delivery of good food. I urge the Minister to look at policy measures that reward the value-added element of food products throughout the food chain. That should include the farmer and not merely reward the farmer as an ingredients supplier. I urge the Minister to insist on fair practices that will outlaw the transfer of risk down the food chain being borne by the farmer. These are elements key to lessen the dependency of agriculture on safety net measures.

The competitiveness of UK agriculture and a level playing field of food standards and regulation has been underlined by many noble Lords today. In this regard, support measures are needed to encourage food innovation, including innovation of processing, in the food chain. Research as well as knowledge transfer involved in training are consequentially important. However, we must not lose sight of the fundamental approach of maintaining a level playing field of food and environmental standards. Any industry is rightfully aggrieved to have to compete against lower standards that are cheaper or competition that is structured unfairly. I have a fundamental question for the Minister: post-Brexit, will the Government maintain parity of food standards between food imports and the standards that have to be maintained by the UK supply chain? This is of importance to both consumers and farmers.

My noble friend Lord Whitty spoke well and convincingly about the labour situation on farms and I echo his remarks. Your Lordships' EU sub-committee has highlighted that agriculture is a devolved matter whereas trade policy is a reserved matter. Can the Minister update the House on aspects of trade tariff splits and support measures between the Government and the devolved Administrations in a still-to-be-determined amount of post-transition period farm support? Will the split between the nations in the UK be satisfactory to their farming characteristics and on a continuing percentage division? On governance issues,

time prevents me from asking anything other than: have the Government firm plans to set up UK structures to replicate the EU institutions that currently underpin the regulatory system?

Outside the EU, the UK Government will still need to be mindful of WTO oversight of trade policy in relation to whether or not aspects of trade are distorting. They must be mindful of the long decision-making horizons of agriculture, food production and trade. My experience of re-engineering businesses tells me that two years for a transition period is likely to be very inadequate for changes in trade and agriculture practices to be made. I urge the Government to make incremental and progressive changes to safeguard jobs, communities and businesses.

We must keep two other key elements in mind. First, we must address the challenge of climate change and do all that we can to reduce and lessen its impact. Secondly, antimicrobial resistance—

**Baroness Stedman-Scott (Con):** With respect, we need to make sure that the Minister has time to respond.

**Lord Grantchester:** I understand. I am sorry to go over by a minute. I was trying to close my remarks by saying that antimicrobial resistance is also a long-term issue to which we must pay attention.

2.48 pm

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con):** My Lords, I agree entirely with your Lordships that we should congratulate my noble friend Lady McIntosh on securing this debate on agriculture and farm support. I declare my farming interests as set out in the register.

As we leave the European Union, the Government are clear on establishing a strong and productive agriculture and food industry which promotes great British food, strengthens rural communities and maintains high animal welfare standards—all while enhancing our environment. As your Lordships have said, we have a world-class food and farming industry generating more than £100 billion a year for our economy. More than 70% of UK land is farmed. The production-to-supply ratio of indigenous food is 76%, as we heard from my noble friend Lord Caithness. I also agree with my noble friend Lord Caithness that farming and food production are the very backbone of the countryside—and in my view of the country. Farmers have an essential role in ensuring that we leave our environment in a better state than we found it. After all, earlier generations of farmers and landowners, as the noble Lord, Lord Cameron, said, were the architects of our extraordinarily beautiful landscape. A vibrant agricultural sector and the enhancement of our natural environment are entirely complementary. Given the salutary lessons from New Zealand, as outlined by my noble friend Lord Caithness, I need not say much more. So leaving the common agricultural policy provides us with an opportunity to ensure that future agricultural policy supports farmers to grow, sell and export more great British food, as pointed out by my noble friend Lady Redfern.

We are actively engaged with farmers and farming organisations as we develop policies that we believe will provide support more effectively than the CAP does. As highlighted by the noble Lord, Lord Cameron, we must ensure that we have a system of agricultural support that respects the work of farmers and rewards environmental protection and enhancement. That means support for natural capital and ecosystem services, referred to by the noble Lord, Lord Whitty, and my noble friend Lady Wilcox, such as woodland creation and tree planting, encouraging biodiversity, and high standards of animal welfare. By using public money to reward environmentally responsible land use and activities that enhance the countryside and protect landscapes, we provide the taxpayer with better value for money.

The Government absolutely understand that clarity is required in the farming sector at this time of great change. The noble Lord, Lord Cameron, rightly raises the importance of how a smooth transition for farmer is required. That matter was also referred to by the noble Lord, Lord Whitty, and my noble friend Lady McIntosh. We have therefore made a commitment to maintain the same cash total in funds for farm support until 2022 and to honour agri-environment agreements made while in the EU, provided that they align with domestic priorities and our future farming vision.

The noble Lord, Lord Whitty, and a number of your Lordships mentioned labour. Defra is considering the latest data and working closely with the industry and across government to monitor labour demand and supply, including the seasonal workforce. We want to enable farmers to develop new markets and provide vital public services. We must therefore support the adoption of new technologies and techniques to improve productivity in food production. In 2013, the UK Government agri-tech strategy was launched, with £80 million invested in four world-class centres of agricultural innovation to support the adoption of innovation and technology in the food and farming supply chain, while improving biosecurity. Last week, at Harper Adams I observed the benefits of precision farming and the importance of such centres in bolstering young farmers' expertise. In response to my noble friend Lord Kirkhope, the enthusiasm of this next generation of farmers, and their appreciation of the intrinsic interdependence of food production, the environment and animal welfare, was one of the most evident features of my visit. Further to this, as my right honourable friend the Secretary of State announced, the Government have allocated £40 million to the countryside productivity scheme to help farmers improve productivity through investment in innovative technology. Indeed, the Government's industrial strategy further commits to boosting the adoption of technical precision farming.

When we leave the EU, we will remain global leaders in environmental protection and animal welfare standards, maintaining our high-quality produce for British and international consumers. Noble Lords have rightly raised the importance of trade. We are a trading nation; we always have been and always will be. I was most grateful to my noble friend Lady McIntosh for referring to the work we are undertaking with our food counsellor in China and the other work going on overseas.

For the first time in more than 40 years, whatever our views on last June's result, we have a golden opportunity to negotiate trade deals with the world. Around 60% of UK agricultural exports currently go to the EU, as noble Lords have mentioned. Therefore, our focus is on securing the best deal for farmers in our negotiations, transition and readiness for day one as we leave. We are conducting a rigorous analysis of the full range of trade scenarios on UK agriculture to ensure the best possible trading future for our farmers. My noble friend Lady Wilcox asked about the WTO arrangements. We are currently considering what tariff rate quotas and amber box allocation the UK should create as part of our detailed work in preparation for the draft of the UK's independent WTO schedule. My noble friend Lady McIntosh also asked dispute resolution in regard to which conflict resolution procedure will apply when we leave the EU. This issue will form part of our negotiation with the EU, as one would expect.

We should be proud that we have some of the highest animal welfare standards in the world. Let me be clear to your Lordships: there will be no reduction in our welfare standards, our food security standards or our environmental protections as we leave the EU. The Government have committed direct funding to research programmes with the Animal Health and Welfare Board for England, the Farm Animal Welfare Committee, the Animal and Horticultural Development Board and research councils. Only this morning, I was having a discussion with the chairs of those boards and that committee about advancing knowledge on welfare.

I should clarify my noble friend Lady McIntosh's remarks regarding the live export of animals. Once we leave the EU, and in line with our manifesto commitment, we can take early steps to control the export of live farm animals for slaughter. This has been widely welcomed but I want to clarify that traditionally we have also exported live animals because their breeding standard is of the best. I particularly want to refer in the short time that I have to equines. I am fully seized of the importance of this, as the passports currently used for the travel of thoroughbreds used in racing and breeding, as well as other sport horses in the tripartite agreement, is tremendously important. The TPA will be the subject of negotiations when the UK leaves the EU and the Government will seek the best deal possible, as exemplified in the new TPA that was signed off in 2013. Indeed, I have been in correspondence only this morning on these matters.

Our partnership and ongoing engagement with a wide range of stakeholders will ensure that we have a farming and environmental land management policy which supports current and future generations of farmers to follow the best approaches to soil health management. A number of your Lordships raised this crucial point. The policy will also support them to adopt advances in agri-tech, produce quality food and enhance our natural environment. We recognise that future policy must work effectively for all UK agriculture—the noble Lord, Lord Grantchester, and my noble friend Lady Wilcox spoke of this. The Secretary of State meets devolved Administration Ministers regularly to discuss the importance of co-operative working and future frameworks. We are committed to continued flexibility

[LORD GARDINER OF KIMBLE]

in how the devolved nations manage their future farm support subject, we believe correctly, to preserving a single internal market and compliance with our international obligations.

The European Union (Withdrawal) Bill will convert the existing body of EU agriculture law into UK law. We will introduce an agriculture Bill and we intend to consult widely with interested stakeholders ahead of publishing plans for that Bill. The Secretary of State has signalled his intention to consult in the new year and I hope that the noble Lord, Lord Grantchester, and all of your Lordships will participate. Our proposals for the future agricultural policy will reflect the Government's aim of securing a better future for agriculture and food production, while enhancing the environment and rural communities. As my noble friend Lady McIntosh mentioned, we must support farmers across the UK, from the uplands to the lowlands. I agree with my noble friend Lord Kirkhope and, as a member of the NFU and a supporter of the RABI, I share his remarks as to the social pressures and challenges of farming. I also know and understand that farming is exposed to great degrees of volatility, so we must develop a system that helps farmers to face the future.

Our vision for British agriculture is based on a sustainable, productive and competitive industry. This will be set out in our 25-year environment plan, which I hope will please my noble friend Lord Caithness. A great deal of work is under way on what our future farming policy will look like. This is being undertaken through active engagement with all farming interests. We are committed to supporting agriculture, food security, high-quality food and, essentially, the British farmer.

**Baroness McIntosh of Pickering:** My Lords, I congratulate my noble friend on the success of the Beijing consultant. Will the Government be minded to look at other such in other countries?

**Lord Gardiner of Kimble:** My Lords, we are looking at a global trade situation, so I am sure we will be looking at all parts of the world.

## HS2: Economic and Environmental Impact

### *Question for Short Debate*

3 pm

*Asked by Lord Framlingham*

To ask Her Majesty's Government what assessment they have made of the impact on the economy and environment of HS2.

**Lord Framlingham (Con):** My Lords, I am grateful to have this debate, which is an opportunity to examine further the vexed question of HS2. I am grateful also to the Minister, who kindly arranged a meeting with me to discuss the issue.

Your Lordships may wonder what purpose this debate serves, given how far this ridiculous scheme has got. First, it is never too late to correct mistakes.

Although considerable sums of money have already been spent, they pale into insignificance when compared with the eye-watering sums to come. We should not throw good money after bad. Although many lives, homes and businesses have already been damaged, many have not, and the environment is still as yet relatively unharmed. My first reason is to ask the Secretary of State, even at this stage, to undertake an urgent review of the scheme, its costs and benefits.

Secondly, and perhaps more importantly, I firmly believe that this is going to be the infrastructure horror of the 21st century and, along with others, have sought in vain to explain clearly why this is the case to those responsible, from the Prime Minister downward. I am determined that those who sanction HS2 should confirm that they understand all its ramifications, put their names to it and bear the responsibility as the horror unfolds.

I am sorry to burden the new Minister with this enormous responsibility, but I want to task her with one thing above any other. I do not expect her today to commit to a review or, better still, to halt the project. Quite simply, I ask her to read carefully the package of papers that I have given her and to make sure that her civil servants read it too, then to satisfy herself that both the Prime Minister and the Secretary of State understand the position as she will then understand it. If she will undertake to do that, I can for the moment do no more. I believe that from the very beginning a scheme as nonsensical and deeply damaging, economically and environmentally, as HS2, could not possibly have got off the ground if those responsible for giving it the go-ahead had taken the trouble—as all the experts opposed to it have done—to understand fully how little benefit it will bring, how much it will cost and how much damage it will do.

This is the biggest infrastructure project ever in this country. There is widespread awareness of it and almost total opposition, combined with a sad acceptance and a resignation that it will happen anyway. It is topical today to think about the gap—the dislocation between government and the people. Nothing could better reinforce the people's view that government is completely out of step with reality than HS2. Last January, I gave your Lordships' House the opportunity to stop HS2 by tabling what was described as a fatal amendment at Third Reading of the HS2 Bill. The majority of your Lordships failed to support my amendment, many telling me privately that they agreed with it, but 25 brave souls supported me and will go down in history as having done so. Significantly, two of them are ex-Permanent Secretaries to the Treasury. The noble Lord, Lord Burns, under Gordon Brown and the noble Lord, Lord Macpherson, under David Cameron, saw at first hand and in the closest possible detail the shortcomings of HS2. Both voted to put a stop to it just a few months ago and have spoken against it since.

The crucial point here—this is the most important point I want the Minister to take away from the debate—is that anyone who takes the time and trouble really to understand this project and see all its shortcomings simply finds that they cannot support it. I believe the Prime Minister and perhaps even the



Secretary of State have been badly advised. For them not to fully understand the ramifications of a scheme as huge as this, if this proved to be the case, is truly frightening.

This mad scheme, the pipe dream of originally just two people, was based on the idea of speed, as seen in France and Japan, cutting the travelling time between London and Birmingham with speeds of 250 mph. The case for speed has been heavily and effectively criticised and is no longer deployed. The fallback position has been capacity, but this too does not hold water since, although some new capacity may be introduced, it creates other problems. In any case, extra capacity is needed much more in other areas. Some 83% of London's rail passenger traffic comes from the south and east of London, not the north.

Any serious justification for the scheme no longer exists, except perhaps just job creation—we now have two HS2 colleges. I am all for creating more employment, but not for spending £100 billion for so little advantage. The NHS needs only £4 billion to see its way ahead. We need homes and ships. I am told you could rebuild every hospital in the country with this money. It is generally agreed that any money spent on the railway system should be on improving existing lines, trains and stations, along with the links between our northern cities and the east-west links in the north.

When it comes to cost we really do enter Alice in Wonderland territory. At £400 million per mile it will certainly be far and away the most expensive railway in the world. Unbelievably, HS2 has still not produced detailed estimates. The Government say the total scheme will cost £55.7 billion. Mr Michael Bing, the expert who devised the standard method used by Network Rail to cost its projects and who has advised the Government on these matters, says £104 billion. Mr Bing's costings have never been challenged.

What about the environment? Let us not pretend: the effect of HS2 on the environment was always going to be deeply damaging. Remember, a brand-new high-speed railway line is being driven through the middle of the country, where, incidentally, a functioning railway line already exists. Speed need straightness and straightness means you cannot avoid precious sites. Ten thousand acres of land will be affected. The Woodland Trust says that, as currently mapped, HS2 will destroy or damage 98 irreplaceable woodlands. Ancient woodlands really are irreplaceable; no amount of money will compensate for their loss. There are already reports of some 60 mature London planes being taken down in Camden to make way for a temporary taxi rank. In the Colne valley there are reports of unregulated clearance work taking place already. If that is true, it is very serious. The law and conditions laid down have to be strictly adhered to, otherwise not only does the environment suffer but so does Parliament's reputation and credibility. Perhaps the Minister will let us know what arrangements are in place for monitoring these works.

This is the gravy train to end all gravy trains. Millions upon millions have already been spent on lawyers, accountants and planners. One firm is reported as having been paid £280,000 to extol the virtues of HS2 to primary schoolchildren along the route.

Unauthorised enhanced redundancy payments have been paid to HS2 staff, against the direct instructions of the Secretary of State. The impression given is that HS2 is arrogant and sees itself as bombproof. Perhaps that it is not surprising. The Secretary of State himself, when asked on the "Today" programme what it might cost to complete HS2, replied, "What it takes". As a separate matter, some concerns have been expressed about the role of members of the board of the National Infrastructure Commission, and its interest in and involvement with companies dealing with HS2. Perhaps the Minister could look into that for us.

The list of those opposed to HS2 is huge. A few days ago, Dame Margaret Hodge MP, former chairperson of the Public Accounts Committee in the House of Commons, said that the PAC could no longer keep a proper check on problems such as HS2, which she called a vanity project unlikely to help the north. Perhaps the most damaging critique of HS2 comes from a group of professional railway experts led by Tony May and Jonathan Tyler. That can be found in the Lords' Library briefing—I do not have time to spell it out now. Even more damning is that fact that this group, which sought a meeting first with the Secretary of State and then with a junior Minister, were told, quite simply, that both were too busy.

I have with me a sheaf of quotations. I am not going to read them all out but I will read out two. The noble Lord, Lord Lawson, a former Chancellor, says that:

"HS2 is a huge mistake. The fact is, it is a crazy grandiose vanity project which doesn't stack up economically at all".

The noble Lord, Lord Mandelson, said, perhaps tellingly, that:

"In 2010, when the then Labour government decided to back HS2 ... We were focusing on the coming electoral battle, not on the detailed facts and figures of an investment that did not present us with any immediate spending choices ... I now fear HS2 could be an expensive mistake".

**The Deputy Chairman of Committees (Lord Brougham and Vaux) (Con):** Time is up.

**Lord Framlingham:** In conclusion, speed has always been important to railways. On 3 July 1938, a beautiful steam engine called the "Mallard" set a world record speed of 126 miles an hour—a triumph of engineering and something for the nation to be proud of. HS2 is not a "Mallard"; it is an albatross that will hang around the necks of the British people until 2033, costing over £100 billion. The Budget is just one week away and the NHS needs just £4 billion. We surely desperately need a review.

3.12 pm

**Lord Snape (Lab):** My Lords, I do not intend to follow the noble Lord, Lord Framlingham, for two reasons. First, I have heard most of the arguments that he marshalled today previously. Secondly, I remind him of the guide to procedure in your Lordships' House. I object to people reading out every word, particularly when, by and large, those words have been written by somebody else.

The noble Lord mentioned costs and benefits.

**Lord Framlingham:** My Lords—

**Lord Snape:** I have not finished with him yet. I will give way in a moment.

**The Deputy Chairman of Committees:** Order.

**Lord Snape:** He mentioned costs and benefits but talked solely about the costs and not about the benefits. If the noble Lord is going to intervene with something impromptu, rather than something he has read somewhere else, I will give way.

**Lord Framlingham:** My Lords, I am intervening on the noble Lord simply because of the word he used: “impromptu”. Every word I write and speak is my own. The noble Lord needs to understand that. I would be grateful for an apology, or at least an acknowledgement that what he said is not entirely accurate.

**Lord Snape:** Then I acknowledge that and apologise, if the noble Lord wrote it all himself. However, I stick by the words I said. It is surely not necessary, either in Grand Committee or on the Floor of your Lordships’ House, to read every word in the way that he just did.

To go back to what I was saying, the noble Lord talked about costs and benefits but mentioned only the costs and none of the benefits. When it comes to the costs, my noble friend beside me will bring his analytical mind to bear and give the Grand Committee some proper information. I might not always agree with him but I respect the fact that he knows what he is talking about as far as the railway industry is concerned. Unfortunately, I cannot say the same about the noble Lord, Lord Framlingham.

The benefits of HS2 are manifold, and I will give one or two examples to your Lordships in a moment. First, let us look at any alternatives to HS2. The noble Lord, Lord Framlingham, skipped merrily past the situation of the existing railway lines because, like most of the opponents of this scheme, he has no alternative. He says that money would be better spent on upgrading existing railway lines but does not tell us how. As a former railway signaller, I can tell him that you cannot run the sort of service that we currently have on the west coast main line while carrying out modernisation of that line. In the 1960s—the last time the line was modernised, when it was electrified—there were numerous alternative routes between, for example, London and Manchester, London and Liverpool and London and Scotland. Because of the short-sighted nature of Governments of both political hues, most of those routes have since been closed. You cannot run 50 trains an hour in and out of Euston on an average day and spend time upgrading that line. It would be impossible.

I repeat: there are currently 50 trains an hour in and out of Euston for much of the day. Those trains are joined at Willesden by freight trains of the North London line and further north at Nuneaton by freight trains from Felixstowe on various cross-country routes. For much of the day, the west coast main line is operating at pretty near capacity. I say to noble Lords

who glibly suggest that we can spend a few billion pounds modernising that line to stop HS2 going ahead: that is nonsense.

As far as the benefits are concerned, again, the noble Lord, Lord Framlingham, skipped blithely over the fact that about 25,000 new jobs—many of them in the West Midlands and north of England—will be created by this scheme. Representing parts of East Anglia, as he did in the other place, perhaps he is not really interested in such benefits. If we are to create all the skilled jobs that HS2 will bring about, however, the project really must go ahead. Again, he mentioned in passing that two new apprentice colleges—one in Doncaster, one in Birmingham—are opening as a direct result of HS2. Do the future prospects of young people in the Midlands and north of England have no interest for the opponents of HS2—the noble Lord and the other 34 Luddites that joined him in the Lobby against this project a few months ago—a project perhaps uniquely supported by both parties in government? There really is no alternative.

I appreciate that there are problems and difficulties, but having served on committees that eventually gave the go-ahead for the Channel Tunnel and HS1, nobody appreciates more than me the damage suffered and concern felt by people who have to lose their homes because of these projects. They must be properly treated and compensated. It is impossible, however, to build such a vital project without people being adversely affected.

The fact is that we are talking about a two-track railway line. Listening to the noble Lord, Lord Framlingham, one would think it was the fifth horseman of the apocalypse descending on middle England, rather than a twin-track railway. Are there no motorways in the parts of England he once represented? Did he not find motorways to be more intrusive on daily life than a railway line? By and large, people living alongside railway lines hear nothing—no matter how intensive the service—for about 45 minutes in every hour, because the train passes quickly, while people living along motorways suffer noise for 24 hours. That obviously does not bother the noble Lord or his supporters. This is a great project. It is needed in the West Midlands and the north of England. It is an attempt, at last, to tilt the economic axis slightly away from London and the south-east towards the rest of the country, which will not easily forgive those who try to block it.

3.18 pm

**Lord Freeman (Con):** My Lords, I congratulate my noble friend Lord Framlingham on raising this issue. I do not agree with him, but it is important that your Lordships not only debate it again today but on an annual basis—I do not know what the necessary procedure would be—to consider the progress made on the project in terms of controlling costs and analysing the benefits to come, which I will briefly touch on.

The arguments for the project are economic. I will not touch on the environmental issues that my noble friend has raised, because last year’s Select Committee—on which a number of colleagues here participated directly or indirectly—undertook the long process of considering more than 1,000 petitions. I believe, however, that it is important to concentrate on the issue of cost and that

there should be a mechanism—which if necessary I will institute—that enables this House to look at the progress of the project and the control of its costs.

This is a long-term project, and it is very difficult to measure and estimate the total costs over a great number of years. As the Rail Minister responsible for HS1, I know that there was considerable concern at the outset about the project cost and about the impact on households affected on the route from central London to the tunnel. But that process worked extremely well. It is a long-term project that has proved outstandingly successful, and it makes one of the key points that I wish to make. The regeneration around that railway line, particularly just outside London, across the river but also right down to the Channel Tunnel, is beyond all estimates that were made about the benefits of HS1. We need to bear in mind—and I shall come on to the benefits to the north of England in this regard—that it is very difficult to make an estimate of what those benefits are, but they have certainly outstripped the early estimates that were made by the Department for Transport.

I have read the report from KPMG, which estimates £15 billion of productivity gains over 20 years. That is to some extent a heroic estimate; it is very difficult for even a distinguished firm like KPMG to make the kinds of estimates that have been bandied around. But for London to Birmingham, there is an overwhelming case for the high-speed line. Not only is the west coast main line pretty much at capacity but, looking forward even 10 years, let alone 50 years, we will need greater capacity, which means faster trains to connect London with the major city of Birmingham. Beyond Birmingham, in the second phase, the same applies. A number of local authorities, particularly in Manchester, Crewe, Wigan, Sheffield and Leeds—as well as with the trans-Pennine connection, HS3—have expressed their views about the future of this project, and they have all been positive, because it will bring a greater and faster connectivity between those great conurbations and the capital. That is an extremely important point. It is very difficult to forecast the actual environmental and economic consequences, but the initial reactions, particularly from Manchester, which I warmly welcome, should be taken into account.

I shall mention one aspect of the proposal that may not have been fully understood. The initial construction of the line is planned to call at Old Oak Common. That is quite important because of its connectivity to Heathrow. I am told and believe that trains will stop for only two minutes for those who wish to get out there before proceeding into Euston. That seems to me to be a real benefit.

Finally, HS1 has turned out to be a tremendous success, and the capacity provided seems to be improving and increasing all the time. It has done a great deal for tourism and business, and I believe that this new project, HS2, and, ultimately, HS3 across the Pennines, will make a tremendous contribution to the productivity and prosperity of this country.

3.25 pm

**Lord Stevenson of Balmacara (Lab):** My Lords, I start by making it clear that I am speaking in a personal capacity from the Back Benches and that

I am not speaking, as I often can do, from the Front Bench. That is to reassure my noble friend sitting in front of me because he might otherwise be a little concerned. I also need to declare an interest as a soon-to-be former resident of a house very close to the line, which is in a tunnel going past where I live. I am not going to address the main points made by the noble Lord, Lord Framlingham, although I agree absolutely with much of what he said. The questions that he put to the Minister are ones that need to be answered. I shall look at a point that was touched on by the noble Lord, Lord Freeman.

Given that there are members here of the Lords Select Committee who toiled for a long time over the hot summer, I should say that some of what I am going to say bears on their work, which I salute and acknowledge as being fantastic and a great service to the House. I do this because I know from discussions outside this place that we are about to engage in a revision of the Standing Orders for hybrid Bills, which I think was called for by the chairman at the end of his period as chair of the Select Committee. The revision is to be done jointly with the other place. It is a long and cumbersome process to be done in two stages. The first stage is very much the low-hanging fruit and will result in some good changes that I will allude to, although more things will need to be done. In addition, both Houses need to think carefully about what we are doing when we get involved in this process.

When citizens or external organisations engage with a hybrid Bill, they are engaging with Parliament in a very unusual way. We do not do this very often, and it is important to bear that in mind. We have to make sure that our systems and processes, whether in writing or in person, are not archaic, devised as they were in Victorian times. The jargon and the procedures need to be thoroughly revised. The idea that someone who wishes to raise a point with the hybrid Bill Committee has to do so by praying in a strange way is the sort of thing I am talking about here. It is also important that the two Houses establish without any doubt that they have co-equal powers, as they do on everything else except, apparently, on hybrid Bills, in order that both Houses can act as they see fit in the pursuance of public issues. At the moment it is sort of assumed that the second House has lesser powers. That is unacceptable and we must look at it.

The primary purpose of having a hybrid Bill process has moved on from when it was invented in Victorian times, when largely it seemed to serve the interests and rights of the owners of large plots of land who were being affected by the railway revolution. Nowadays it is effectively a public planning inquiry, so we have to think hard about how we handle it. We should not be doing it as we currently do for all the reasons that everyone understands. I have suggested to the Bill team that is looking at how we deal with these Bills that the fact that this is a planning inquiry means that there is a good case for saying that it should be dealt with as if it were a planning inquiry, with all that means in terms of status, appearance, the right to representation and so on. It is very important that the system allows those who are affected by a project to be heard and that it is more accepting of the various modes of address that individuals who wish to be

[LORD STEVENSON OF BALMACARA]

heard would use. We have to think electronically and digitally as well as people appearing in private.

It is up to the individual to propose how they make their representations. More effort should also be made to ensure there is equality of arms actually in the hearings themselves, should there be the need for public hearings in the form that we have had them in the past. I think that a lot could be done by correspondence and would not involve any public appearance. If there are to be appearances, they have to be grouped, marshalled and conducted in a way that brings out the key points without disadvantaging those who wish to make them in the form they choose. The corollary of that is that where a committee in either House finds that there is an issue that needs redress, the systems under which these redresses are documented, logged and approved must be looked at carefully.

Finally, there is a wider issue here about how we deal with what is called property blight. I do not think there is any doubt that the HS1 Bill team did as much as they could do within the existing law, but I wonder whether that is sufficient. We can all be affected by blight, in whatever form it comes, as can our infrastructure, whether it is gas pipelines, water, a road or a railway. There is merit in a case that was presented to me during the process of the Bill, but I was unable to get any address. I hope the Minister will take this away: if there was a thing called a property blight bond—attached to a property, not a person—it could build up a sort of mutual fund, like national insurance, which could be available to and drawn down by anybody affected by blight. That may sound like a very odd arrangement, but the proposal has come from the insurance industry, which thinks that there is some concern about how one might want to take that forward. I do not expect a positive response to this today from the Minister, although I raised it with her predecessor and did not get a response, so I know that it has been lodged in the department. That applies not only to the Department for Transport but to others as well. I hope that somebody will look at it and take it forward.

3.30 pm

**Lord Berkeley (Lab):** My Lords, the points made by my noble friend Lord Stevenson about the hybrid Bill process are very interesting. I will not speak about them today but I think they need further debate, starting from the basis of why building a new railway is so different from building a new road. It needs modernising; we have talked about it before but we will return to it some time, no doubt.

As has been suggested by a few noble Lords, I will talk about the costs of HS2, because my noble friend Lord Snape talked about a lot of the benefits. I support the scheme—I have said it before, on the record, and I still say it—but I worry about the amount of money that has been committed and will be committed, whether it is good value and what can be done about it. It is interesting to reflect that the recent settlement of about £45 billion for Network Rail for the next five-year control period is to keep the whole of the network operational and safe, not including enhancements. Compare that with the cost of HS1 phase 1: £24 billion, which is about half that figure, or £48 billion if you

include phases 2A and 2B, once the five-year period is over. In the Government's figures, the cost of phase 1 is 50% of all the money given to Network Rail to keep the network going. We can debate whether that is a good balance, but the problem is that very few people outside the Government believe that £24 billion is the likely outturn cost of phase 1, as said by the noble Lord, Lord Framlingham.

I have spoken about working on useful alternatives before; I will not repeat them, but there are issues with Wendover, such as the cost of the trains and the speed of the line. The estimate that we came up with, which started off in the appearance of a friend of mine before the House of Lords Select Committee, suggested that the costs, if aggregated for the whole of phase 1, would come out at about double the cost that the Government were estimating for phase 1 of HS2—about £48 billion. Adding phases 2A and 2B would take us up to £100 billion. In the committee, we were never challenged by those at HS2; they said they did not agree, but I asked them where the evidence of their disagreement is and we still do not have it. I am still in discussion with Paul Maynard, the Minister responsible—I will come back to that—and I would like an answer on how the department came up with the cost estimate and where we differ. We must discuss that. It is surprising that the Government have spent £1 billion on consultants for HS2 so far, but cannot come up with a cost that can be looked at.

Compare that with Crossrail and HS1, as the noble Lord, Lord Freeman, said. Crossrail is on time and on budget, as far as I know; it is a very successful project. HS1 was pretty successful too, so there are ways to get the cost right. Since public money is being spent, it is reasonable to suggest that we should get that.

I have suggested to Ministers and officials ways of reducing the costs of HS2 without cancelling it. I do not want to see it cancelled but the costs need looking at. It is a bit of a vanity project. Initially it was said that trains would run at 400 kilometres an hour. They do not run anywhere in Europe at 400 kilometres an hour, and I do not think they do in Japan either. There is an argument for high speed in big countries—such as France, Germany and Italy—but we are not big. The cost increase of the technology needed to go up from the standard 320 kph to 400 is dramatic. Train manufacturers and the people who design and build the track are talking about something like 30% or 40% on costs to achieve that because it takes more power, the tracks have to be straighter and the tunnels have to be bigger, and we must not forget the extra maintenance cost. Once the trains are there and working, the track and train maintenance is much more expensive.

To be fair, the latest HS2 spec has brought the speed down to 360, which is an improvement. However, there are other ways of saving money, such as stopping at Old Oak Common in phase 1. We have all looked at that and agree it would work. Local people have come up with an alternative for the Wendover tunnel which will work very well. It is cheaper and would reduce the environmental impact. There are many other things which I have not got time to go into.

My real worry—I have had discussions with the Minister's predecessor, the noble Lord, Lord Ahmad, on this—is whether it is acceptable for so many billions

to be spent before there is a firm cost estimate. Demolition has started in Camden—people have been moved out and the ball and chains are starting to fly. We know that this is the kind of estimate at which the MoD is very good when it comes to aeroplanes and battleships and so on, but I am a civil engineer and I expect to get a reasonably firm estimate of a cost before there is a go-ahead to spending so much money.

I hope the Minister will be able to give me some comfort that this can be resolved. Perhaps we can have a meeting. I am due to have a meeting with the Minister, Paul Maynard. The cost needs nailing before it gets to the stage when Ministers say—this may well be after Ministers have changed and so they will no longer be responsible—“Well, it has started and it is too late to stop”.

3.37 pm

**Lord Jones of Cheltenham (LD):** My Lords, I, too, thank the noble Lord, Lord Framlingham, for initiating this debate on the biggest infrastructure project in the United Kingdom.

Like the noble Lord, Lord Freeman, I served on the Select Committee, which sat for many months hearing petitioners who believe they have an issue with the project. In the end, under the extraordinarily patient chairmanship of the noble Lord, Lord Walker of Gestingthorpe, we did a decent job within the limited powers that we had. I recall one petitioner who was so delighted with our decision that he declared, “It is what I have always said: the Lords do a wonderful job”. My favourite petitioner was an upright, well-dressed gentleman with a magnificent moustache—probably a retired military officer—who told us: “My Lords, my Lady, we do not want these things rattling past our homes”. I asked the sound expert, Rupert Thornely-Taylor, one of the top experts in the world, whether the trains were really going to rattle. He thought for a moment and then replied: “Lord Jones, if they rattle, they are in desperate need of maintenance”. Of course, these trains will go “Whoosh”, and when they are travelling at 330 kilometres an hour they will pass in seconds.

The shortening of journey times is staggering. I will give just three examples: Birmingham to Manchester in just 40 minutes compared to one hour 28 minutes; Leeds to London in one hour 21 minutes, saving 50 minutes; the Manchester-to-London journey time cut almost in half to just over an hour.

One of the greatest problems our country has is lack of productivity. Part of the problem is that businesses, with some notable exceptions, do not invest enough in technology and training. Another part of the problem is our transport system. We spend too much time stuck in traffic jams or travelling on slow-moving, overcrowded and often bumpy trains before we get to our workplace. By making it easier, faster and more reliable for people to move around the country, HS2 will allow individuals to achieve their full potential and give the regions and areas in which they live access to the critical mass of skills, professional services and markets they need to thrive and develop.

HS2 is already acting as a catalyst for change regionally and locally. The West Midlands Combined Authority estimates HS2 could boost the region’s economy by £14 billion and support 100,000 jobs. The east

Midlands estimates £4 billion and 74,000 jobs. Manchester believes HS2 could bring 180,000 new jobs and 4,500 new homes are planned for near the station.

The current rail network is nearing capacity. Too many passengers have to stand when travelling by train. Not so long ago I caught a train from Euston to Milton Keynes to attend a Russ Ballard concert at the Stables. It was the Glasgow train, which was absolutely packed, with many passengers forced to stand. When we got to Milton Keynes it felt as though half the passengers got off the train. It took 20 minutes to exit the station.

The same is true in the opposite direction. I travelled from Birmingham to London and could not find a seat until we stopped at Coventry and many passengers alighted. Commuters are using trains aimed at long-distance travellers, resulting in an uncomfortable journey until the commuters get off. HS2 will put an end to that. More commuter trains will use the classic track, meaning all passengers should be able to find a seat. Long-distance passengers will get to their destination much quicker by travelling on the high-speed line.

The environment will benefit too. HS2 will create a new “green corridor” that will connect wildlife habitats through the spine of the country. This network of green spaces, spanning woodland, wetland, ponds, hedgerows, heathland, meadow and farmland, will stretch alongside much of the 345 miles of track from London to the West Midlands, through to the east Midlands, Sheffield, Manchester and Leeds. Some 1,350 hectares—that is 3,340 acres in old money—of wildlife habitats, ranging from woodland and meadow to hedgerows and wetland, will be created. This equates to the size of 4,676 football pitches and is a 33% increase in wildlife habitats along the line route. Some 7 million trees and shrubs will be planted—40 different species covering over 900 hectares. The Select Committee was keen to ensure that there would be no net loss of biodiversity.

Phase 1 of HS2 will emit seven times less carbon than the equivalent intercity car journey and 20 times less than the equivalent domestic flight. In 2030, carbon emissions from the operation of HS2 will form just 0.06% of the projected total of the UK’s transport emissions.

HS2 will create lots of jobs: 25,000 to build the railway, 3,000 to operate and maintain it and over 2,000 apprentices. More than 70% of the jobs will be outside London. Eventually, over 100 million people a year are expected to use HS2 trains when the network is fully completed. I shall follow HS2’s progress with interest.

3.43 pm

**Lord Rosser (Lab):** I thank the noble Lord, Lord Framlingham, for providing us with this opportunity to discuss the progress being made with HS2. I appreciate that the noble Lord has a certain lack of enthusiasm for the project, but our policy, with which I know he does not agree, is to support completion of HS2 from London through Birmingham to Leeds and Manchester, then into Scotland. HS2 was initiated by the last Labour Government and neither the coalition Government in 2010, the Conservative Government in 2015 nor the present Conservative Government cosyng up to the DUP have decided to do anything other than

[LORD ROSSER]

continue to make the case for HS2 and proceed with the project. The present Prime Minister may have had her doubts about Hinkley Point when she came into office, but she did not to the best of my knowledge demand a review of the case for HS2. Work on phase 1 of HS2 from Euston to Birmingham has already started, and a year ago the majority of the preferred route for phase 2B of HS2 was confirmed by the Government. Passenger services are planned to commence on phase 1 in 2026 and, subject to approval of the hybrid Bills, on phase 2A between the West Midlands and Crewe in 2027 and on phase 2B in 2033.

The strategic objectives of HS2 are to improve capacity and connectivity and, through that, to stimulate economic growth. A new high-speed network will also provide faster journey times and improved reliability. There is a need to ensure that our rail network has the capacity to meet the long-term demand which will arise not least from economic growth, an increasing population, and the continuing expansion of the UK as a major tourist destination. Our main north-south intercity rail routes are already facing capacity issues, primarily but not solely on the west coast main line. Further incremental improvements will not be sufficient to address those capacity issues, certainly not beyond the mid-2020s. On top of that, there is the reality that significant incremental upgrades result in prolonged and extensive disruption to the quality and speed of services on the parts of the current network being upgraded, which in itself has an economic and social cost.

Alternatives to HS2 have been considered but the conclusion has been reached that building new standard or classic rail lines would not be significantly cheaper than new high-speed lines, nor would their effects on the environment be significantly less than those of high-speed rail. They would also not deliver the same level of benefits as high-speed lines would through improved connectivity, bringing people and businesses together, and enhancing long-term economic growth.

Construction of the line will of course bring significant disruption to the communities affected, including where I live, in just the same way as the construction of our motorway network did or as additional runway capacity in the south-east would, assuming that the Government ever get round to making a final decision on that issue. The disruption from the construction of HS2 is all the worse for communities on the line of route because nearly all of them will get no future direct benefit from HS2 as there will be no stations on the new high-speed route anywhere near them.

The subject of this debate is the impact of HS2 on the economy and the environment. I am not quite clear where the Government now stand on rail improvements and the environment. One argument used by the Secretary of State recently when announcing the largest ever government programme for abandoning or delaying rail electrification schemes, to which that Government had previously been committed or supported, was that the overhead electrification infrastructure was unsightly, unpopular and a blot on the landscape. Will that same consideration, which seems to trouble the mind of the Government in general and the Secretary of State in particular, apply in the case of HS2?

The Chilterns, for example, is an area of outstanding natural beauty. Is the Secretary of State now going to say, consistent with his newly found distaste for overhead electrification infrastructure, that the fleet of new HS2 trains will be bimodal, with no wires or supporting electrification infrastructure, on the new line as it passes through the Chilterns? Is he about to announce that the line will now be in a tunnel right the way from West Ruislip through the Chilterns? That would presumably satisfy those advocating the Wendover short-mined tunnel proposal, as well as addressing the issue of visible, unsightly overhead electrification structures which now appears to be a matter troubling the mind of the Secretary of State.

In our previous debates on HS2, reference has been made to those who have pressed for a link line in west London to enable HS2 services to connect with HS1 via existing south London lines. I am aware that there has been correspondence between advocates of this step and the Department for Transport; there may even have been a meeting. Perhaps the Minister could provide us with an update on what is happening on this issue. There are those who think it rather odd that we have managed to build HS1, running from the south into a terminal on the north side of London, and are about to build HS2, running from the north into an adjacent terminal, but have not managed to provide a connecting link between the two high-speed routes or make any provision for through-running of services.

In reiterating our support for HS2, I hope that the Government will be able to provide some firm assurances today that close attention will be paid throughout the construction process to the need to listen to the communities being adversely affected and to do everything possible to minimise the inevitable negative impacts on them that the construction process will involve. Indeed, along with the noble Lord, Lord Framlingham, I would like to hear from the Minister that the Government intend to be actively involved in ensuring that this actually happens and that they do not simply intend to wait for problems to arise before doing anything.

3.50 pm

**The Parliamentary Under-Secretary of State, Department for Transport (Baroness Sugg) (Con):** My Lords, I start by thanking noble Lords for their contributions, and in particular my noble friend Lord Framlingham for giving us the opportunity to discuss this most important issue, the largest infrastructure project in Europe.

Your Lordships will know that I am a relative newcomer to this subject. I recognise the extensive knowledge and experience of noble Lords here today. I have listened to the criticisms of the project by many and welcome the expressions of support. I do not expect my response to satisfy my noble friend Lord Framlingham, as I am well aware of his long-standing views, but I hope to set out the Government's assessment of the impacts of HS2 on the economy and the environment.

HS2 will transform the railways in this country, but of course I recognise its significant cost. The duty of this Government, and indeed this Parliament, is to ensure that we deliver good value for money for the

British taxpayer. HS2 is not just about speed; it is about capacity, connectivity and supporting economic growth.

Our trains are becoming increasingly crowded. HS2 will form the new backbone of our national rail network, providing new capacity and better connecting our major cities. Good rail links bring our country closer together, and HS2 will help improve productivity and lead to a stronger, more balanced economy capable of delivering lasting economic growth and prosperity. Furthermore, people will not need to travel on HS2 to feel the benefits. Moving intercity services on to HS2 will free up space on our existing railways for new commuter, regional and freight services. This will create better connections and thousands more seats for passengers, and of course it will allow more goods to be moved by rail, helping to reduce congestion on the roads.

I turn to the impact on the economy of HS2 and will refer, first, to the important issue of jobs, referred to by many noble Lords. Around 25,000 jobs will be created during the construction, as well as 2,000 apprenticeships. Three thousand people will be employed on maintaining and operating the railway, and the investment around HS2 stations is expected to support 100,000 jobs. This is not just about when the new railway opens; jobs and skills are being created now. Several major contracts, worth over £7 billion, have already been awarded for the enabling and civil engineering works required to build phase 1. These contracts alone are expected to support 16,000 jobs and to generate thousands of indirect contract opportunities for the supply chain. HS2 is working with businesses, trade associations and local stakeholders across the UK, including many small and medium-sized firms, to ensure that they are ready to be involved.

HS2 is also about upskilling. A more skilled workforce is vital for the country. The National College for High Speed Rail, based in Doncaster and Birmingham, will open its doors later this year. The college will train young people to build HS2 and to work on other world-leading rail projects.

I now turn to the question of costs, which, understandably, is of concern to your Lordships' House. The noble Lord, Lord Snape, raised the possibility of alternative schemes. At an earlier stage in the process, a number of strategic options were considered, but the decision was then made that none of the alternatives presented a better outcome—a point that the noble Lord, Lord Rosser, acknowledged. They would not deliver the same scale of benefits as HS2. We are already upgrading the existing network, but this alone would never deliver the same level of capacity or journey time savings as HS2. As the noble Lord, Lord Snape, explained, it would be extremely disruptive to rail passengers, effectively closing key parts of the rail network for many years.

The current approach was decided and agreed by Parliament, and we must progress it. The Government's responsibility is now to ensure that the project is delivered on budget and that it represents good value for money. The 2015 spending review reconfirmed the Government's commitment to HS2, setting a long-term funding envelope of £55.7 billion. The Government are determined, and are on course, to deliver HS2 within this.

We have set HS2 Ltd ambitious targets which would see the programme delivered below the total funding envelope. For example, the Secretary of State has set target design costs reflecting internationally efficient benchmarks to incentivise HS2 Ltd and its contractors to deliver phase 2 below budget.

Many noble Lords have raised the issue of proper scrutiny. I share their desire to ensure that all our costings are accurate. The cost estimates are determined by industry experts, informed by international standards. We expect public scrutiny and have invited independent assurance and examination of HS2 Ltd's cost estimates. They are examined periodically by the Commons Public Accounts Committee and the National Audit Office, and are regularly reviewed by the Secretary of State.

The noble Lord, Lord Berkeley, made a number of points on the importance of clarifying the costs. We have recently published the financial costs as part of the HS2 business case, which I believe is an uncommon step. I know that the Rail Minister will come back to the noble Lord on the points that he has raised with him.

My noble friend Lord Framlingham asked about an independent Treasury review, but as he would expect, the project is already subject to an ongoing rigorous programme of external assurance reviews. The terms of reference for each assurance review are developed with the Treasury and the infrastructure and project authority, with reviews conducted by independent project delivery experts. Given this ongoing scrutiny by the Treasury, the Government do not believe that an independent review is necessary.

Many noble Lords have raised the benefits that HS2 will bring to the north. Economic growth in the north has been constrained by poor connectivity between cities. HS2 will help address this, making it easier for businesses to choose to locate in our great northern and Midlands cities. The majority of benefits from HS2 will be enjoyed in these places, outside of London. HS2 improves journey times between London and the north, but also transforms connectivity between many of our largest cities in the Midlands, the north and in Scotland. We are also committed to northern powerhouse rail—our vision for improving even further journey times and service frequencies between major cities in the north of England. Far from competing with it, HS2 is essential to delivering this vision. The Chancellor announced at conference £300 million of funding to future proof HS2 to accommodate northern powerhouse rail junctions. The Government have also provided Manchester, Leeds, Sheffield, the east Midlands and Crewe with funding to develop HS2 growth strategies. They should act as a catalyst for growth and aim to maximise opportunities for new homes and employment.

We want HS2 to be more environmentally responsible than any other major infrastructure project in UK history. Despite it being one of the largest construction projects in Europe, we are committed to reducing its effects on the countryside and on communities. HS2 will play a key part in the UK's future low-carbon transport system and support the Government's overall carbon objectives. Noble Lords will be aware that in comparison with most other transport modes high-speed rail offers some of the lowest carbon emissions per

[BARONESS SUGG]

passenger kilometre, significantly less than cars and planes. Of course, such a major project requires significant works—a point that many of your Lordships have raised today. We are fully aware of the potential detrimental effect this can have on the environment, so are doing all we can to mitigate it.

The route was designed to minimise environmental impacts wherever possible—the noble Lord, Lord Jones of Cheltenham, highlighted the environmental work that we are doing. We will create a network of new wildlife habitats along the HS2 route. This includes around 7 million new trees and shrubs in the first phase of the railway. We expect to plant the first of these trees this winter, with more than 100,000 new trees in the West Midlands area. In phase 1, we are creating nearly three times as much new woodland as the non-ancient woodland affected by HS2. Of course, ancient woodland is irreplaceable. Although we cannot fully compensate all impacts, we have committed to using best-practice measures such as enhancing linkages between woodlands, reusing ancient woodland soils and creating new mixed deciduous woodland. Over time, we will create a green corridor of connected wildlife habitats which will blend the railway into the landscape and support local species. In addition, we are keen to go beyond the immediate boundaries of the railway and take this opportunity to improve the wider natural environment, in partnership with local people. For example, we have introduced the £5 million HS2 woodland fund to help local landowners create new native, broadleaf woodlands and restore existing ancient woodland sites.

The noble Lord, Lord Stevenson, made a number of points on hybrid Bills and the property bond scheme. I will have to read them carefully in *Hansard* and come back to him.

My noble friend Lord Framlingham asked about monitoring construction activity. HS2 Ltd has an extensive monitoring programme, and a code of construction practice for the scheme will set clear requirements for meeting environmental targets and minimising impacts.

Moving on to the effect this will have on communities, as mentioned by the noble Lord, Lord Rosser, we recognise that the construction of HS2 is not always welcome. We have, however, tried to design the route as far as possible to avoid or reduce negative impacts such as the demolition of properties, excessive noise and impacts on our landscape and natural environments. The Government are committed to ensuring that people feel the widest benefits of the new railway and to compensating those directly impacted.

The noble Lord, Lord Rosser, asks whether the Government will be taking a keen interest in having conversations with communities throughout the project, and I can assure him that we will do that. The noble Lord also asked about electrification. As the Secretary of State explained at the time, the decision to cancel the planned electrification schemes, including on the midland main line between Kettering and Sheffield, was made to deliver benefits to passengers sooner than would otherwise be possible.

The noble Lord, Lord Framlingham, asked about the departmental response to the report from the group of academics. I understand that some of the

report's authors have written to the DfT over the years and Ministers have responded to their queries and concerns, including many of the issues raised in the report.

I have endeavoured to address as many of the points raised as I can, but where I have not been able to do so I will write to noble Lords. More people are travelling on our railways than ever: since privatisation the number of passenger journeys has more than doubled, almost tripling in key intercity corridors. That is why we need HS2. While alternatives have been extensively considered, they do not provide the required capacity and would be too disruptive to the existing rail network.

I am sure that my response has not satisfied my noble friend Lord Framlingham, but the approach to HS2 has been decided and agreed by Parliament. Our job is now to ensure the successful delivery and cost effectiveness of phase 1. Your Lordships will, of course, have an opportunity to scrutinise and debate the phase 2A Bill after its passage through the Commons.

Our plan is to build a stronger, fairer country with an economy that works for everyone—one in which wealth and opportunity are spread across the country. Investment in economic infrastructure, in which HS2 plays an integral role, is a key part of this long-term vision.

## Brexit: Least Developed Countries

### *Question for Short Debate*

4.03 pm

*Asked by The Earl of Sandwich*

To ask Her Majesty's Government what support they intend to provide to the least developed countries in relation to any adverse effects resulting from Brexit.

**The Earl of Sandwich (CB):** My Lords, I am grateful to the Minister for answering this debate at a difficult time for DfID, and I can only wish the new Secretary of State well. I also look forward to hearing from old friends and campaigners today, including the noble Baroness, Lady Chalker, who is just off an aeroplane, who has wide and continuing experience, especially in Africa.

There are several levels of discussion when it comes to the LDCs and Brexit. I shall focus on trade because it is widely understood that trade can be an effective form of aid. Changes in UK trade policy as a result of Brexit will have profound effects on all developing countries. There are existing concessionary arrangements such as the Everything but Arms agreement, which specifically helps the LDCs. I know that the Minister will not rest his case on the EBA alone, but a fairly strong press release this summer reassured us that the EBA will stay in place. Will it really stay? How can it? It is an EU initiative and there can be no absolute guarantee about anything unless and until we actually leave the European Union.

However, the new White Paper on trade promises duty-free, quota-free access for 49 LDCs, presumably under another form of EBA. It provides for full or



partial Generalised Scheme of Preferences for 13 other developing countries and GSP+ for nine countries that are committed to implementing human rights and good governance. So will the Government establish a new category of vulnerable least-developed countries, “VDCs”, and offer them non-reciprocal, tariff-free access with more flexible rules of origin?

EU concessions currently help only about one-third of imports from the poorest countries. I remain concerned about the possible direct effects of withdrawal on the ACP group—the African, Caribbean and Pacific countries—which derived from the Lomé Convention and the Cotonou agreement. We will have to sign new economic partnership agreements and FTAs with these countries. Some are cushioned by minerals and cash crops that help to inflate their national GDP while doing little for their population. Commodity prices can appear to make all the difference to a country that, while remaining poor, may not qualify for any concessions. Corruption, the power of elites, and of course conflict can and do distort the economic profile. Highly indebted LDCs are in a category of their own and even potentially wealthy ones like Mozambique are still in default. A country such as South Sudan, the newest of the LDCs, is hardly in a state to be measured at all, yet we must and do make every effort to support it. Zimbabwe will now become another priority.

Some of the poorest countries that are not technically LDCs may suffer from Brexit if they are currently benefiting from an EPA with the EU. Exports to the EU from some middle income developing countries can account for half of their total exports, such as 57% in the case of Seychelles and 47% for Cameroon. Through tariff elimination, young industries in these countries could be exposed to competition. I expect the Minister will say something about EPAs and how we can continue or improve on the present EU arrangements, which are far from ideal, when we are outside the EU. The word “partnership” is used increasingly by the Government as though there will still have to be close trading arrangements with Europe, which must mean with the EU as well. If we are to end up close offshore like Norway we will still be associated with the existing EPAs and other EU trading arrangements.

Then there is the uncertainty factor. No one can yet accurately forecast what Brexit will mean even to citizens of the UK and Europe, let alone to the rest of the world, so this debate may seem premature. Changes are unlikely to occur until the UK is effectively out of the EU and beyond transition, but the same dilemma affects all departments. People directly affected by our decisions, whether they are EU citizens here or small farmers in poorer countries, need to have the answers as soon as possible.

It seems that many who voted for Brexit are now seeing the downside, although it is unlikely they will have the chance to vote again, short of a general election. What we do know is that currency fluctuations have not spared the poorest countries. The 10% fall in the pound in the week post Brexit, for example, along with the UK’s lower GDP, would have led to lower exports from the LDCs. Sterling has suffered again this week. I do not deny there will be opportunities ahead, but we must admit that the present UK economic climate is discouraging.

What of aid? What relationship will the UK have with the EU’s aid programme in the future? Priti Patel said on 18 October:

“An important part of the UK’s future development strategy will be to continue working closely with our European partners”. Will the Minister spell this out a little? Will he say whether there will be a relationship with the European Development Fund and ECHO, the humanitarian agency? Will the EU become our preferred or most favoured partner in aid and development, as will need to happen in the fields of justice, security and defence?

Returning to trade, I know that the Government are strong supporters of free and fair trade and of the concept of aid for trade. Priti Patel has also said:

“Britain will lead the world in free trade, but, importantly, we will also help the poorest countries to invest in skills, technical assistance and capacity building and create new markets”.—[*Official Report*, Commons, 18/10/17; cols. 825.]

We can all agree with that.

The CDC, for all its failings—it is still monitored in *Private Eye*—will need to adapt its own style of investment to join DfID in reaching the poorest communities, not from the top down but from the needs of those communities upwards. This is something it still has to learn and we may hear more about that later. We should encourage DfID, through the various watchdogs and committees, to continue this trend and show that CDC can create new jobs directly.

One pathway frequently talked about at the UN, and in particular by the noble Lord, Lord McConnell, who could not be here today, is the focus on sustainable development goals. The whole point of sustainability is that whatever scheme is involved, it has to belong to the community and be viable and sustainable or it will simply fail like so many aid programmes. Trade can and should be an essential means of achieving some of the SDGs—notably numbers 8, 9 and 10—and the primary goals of eradicating poverty and hunger. Fair trade is an example which has already proved its own success. Microcredit, when it is properly anchored in loan and credit schemes, is another effective way of reaching the poorest.

Climate change—SDG 13—presents a serious challenge for the LDCs because natural disasters, both sudden and insidious, can overturn years of economic development. Both aid and trade are important because of the need to prevent these disasters through aid and subsidised input, sometimes through large-scale infrastructure and the control of carbon emissions, and targeted action at the micro level. This subject, including the need to implement the Paris agreement, is under urgent discussion in Bonn at the moment.

A question arises about the Sahel and Francophone Africa. Are we saying goodbye to countries such as Mali and Niger, currently an aid and security concern of ours through the EU, simply by pursuing Brexit?

The Commonwealth is, I am glad to say, gaining a higher profile because of the CHOGM in London next April. The Commonwealth is increasingly being mentioned as an alternative for Brexit, a vision of the wider world we need to embrace, but I am not sure that this vision goes very far when you look at the data. The *Financial Times* recently pointed out that the EU and the Commonwealth are not comparable if you consider the supply chain, for example, in the

[THE EARL OF SANDWICH]

car-making, aerospace and machinery industries, where the UK is embedded in the EU network. Even countries such as Canada and Australia cannot make up for the components currently being supplied to industries in the UK at competitive prices. Brexit requires radical changes and some of these will impact on all the UK's present trading partners, including those in the Commonwealth that may enjoy preferences. I look forward to the Minister's assessment.

In closing, I would briefly like to mention two good friends we have lost who made huge contributions to international development—Lord Joffe, who was well known to this House, a former chair of Oxfam and a hero of South Africa, whose memorial service took place yesterday, and Andrew Hutchinson, head of education at Save the Children, another person of great integrity and moral purpose, who died last week and whose funeral is taking place at this moment in Southwark Cathedral. They will be missed by many.

4.13 pm

**Baroness Chalker of Wallasey (Con):** My Lords, I thank the noble Earl for tabling this important debate. I endorse practically every word he said. I shall refer briefly to the EU work in the Sahel. It is no good leaving that critical work uninfluenced by British foreign policy. This issue is not often debated in this House or another place and I hope that DfID will look with great care at what we can do to continue to support the work that the EU is currently doing in the Sahel.

I declare my interests as listed in the *Register of Lords' Interests*. As colleagues know, I continue to be involved in matters in Africa—more so on the finance, trade and business side than on development. I too have always believed that the best way to help African countries, and indeed those LDCs in the rest of the world, is to help them into business, production and employment rather than give them handouts. I of course support the work that goes on in health, education and many other areas, but I believe it is critical to include the work on economic development. That is why I was glad to read the previous Secretary of State's commitment on 24 June this year to help the world's poorest by securing existing duty-free access to UK markets, as well as providing new opportunities to increase trade links. This will apply to the 48 countries that continue to benefit from duty-free exports to the UK on all goods, other than arms and ammunition.

It is worth reading DfID's *Economic Development Strategy*. More than £20 billion-worth of goods per annum is shipped from these countries to the UK and, with that strategy, outlined by DfID earlier this year, that sum should increase steadily provided that the funding arrangements for training and business development in the LDCs continue. That has to underpin the national programmes for skills development, in which the EU—and other member states in the EU—have been much involved. They continue to help one another in this respect.

The serious co-ordination of cross-country assistance to the LDCs has to extend beyond Britain's boundaries and we have to maximise the improving use of development assistance. I know that the UK has been a very positive contributor to the better use of funds

with many of our development partners, and this needs to continue beyond March 2019. I hope that the new Secretary of State, Penny Mordaunt, will continue Priti Patel's important focus on job-creating growth in our own development programmes, regardless of who originated the programmes. With a very much better budget than I ever enjoyed as the Minister for Development, it may be possible for us to put money into programmes paralleling those in the EU when we are no longer a member. Economic development and the training and skills from which so many LDCs benefit at present have to be protected if we are to be honest with ourselves in relation to what development is about. Thus, I urge colleagues to see that we continue the good things in the EU development programme beyond March 2019.

We also need to make sure that this sad departure of the UK from the EU will not be used as an excuse not to do things. I hear far too many pretty ignorant comments about what we will not do in the future. One thing that we will be doing is good development assistance. I am very glad to learn that Rory Stewart, who is a Minister for both the Foreign Office and DfID—something that I enjoyed on the Africa score for many years—has just set up a special review of development assistance in the event of our exit, which seems likely. I hope that this debate will be able to contribute to Foreign Office and DfID thinking on the changed situation that we will face.

I should like to say one word on Mozambique. It desperately needs our help. It is trying to find a way out of its debt situation but it is in some considerable difficulty. I hope that Britain will be able to help.

4.19 pm

**Lord Hughes of Woodside (Lab):** My Lords, I join the noble Baroness, Lady Chalker, in congratulating my noble friend Lord Sandwich on bringing forward this very important subject. The noble Baroness and I shared many happy hours in the other place and, even then, more united us than divided us, and I am glad that that is still the case. We are talking about dealing with what we now call lesser developed countries. We used to call them underdeveloped countries; the jargon has changed quite a bit. I hope noble Lords realise that this is an extremely important issue.

People tend to speak about gross domestic product, the average wage and so on. I am going to take a slightly different approach. On 11 November, the *Economist* published a couple of very useful articles about Africa and the lack of capacity for people there to access electricity. That is a different approach but nevertheless quite useful. Some of the figures are astonishing. For example, in South Africa, which is arguably the most highly industrialised country in Africa, 28% of people still have no access to electricity. In Nigeria, the figure is between 25% and 49%. In Mozambique, it is between 50% and 70%. The astonishing thing is that the Cahora Bassa dam in Mozambique, which is a major power supplier, sends most of its electricity to South Africa. It does not stay within the country itself.

There is a conundrum as far as the future is concerned. Everyone wants industry to grow but it cannot grow without electricity, and the electricity

supply cannot expand without businesses to buy the product. In Kenya in particular, a lot of work has been done on solar panels and innovative pricing methods for the product. Nevertheless, there will still be a need for large energy suppliers. We know from our own experience how difficult it is to arrive at a decision about when to build a new power station. If it is bad for us, how difficult must it be for countries without the capacity to do so? We have to grow these economies. Although the Kenyan experiment is useful, without large energy suppliers they cannot have the business. How are we going to square the circle and resolve that conundrum?

There is much to be done, possibly by the World Bank and other agencies, to take a risk and build the electricity supply before the demand is there; otherwise, things will never move. Unless we act soon and properly on the energy supply in what we call the lesser developed countries, we are in very great danger that in 10, 20 or 30 years from now, we will be in the same place, arguing the same questions but in a slightly different way. This is an extremely important issue and one which the Government need to take account of. When we go into the post-Brexit talks, a lot of technical matters will be involved. But much more important are the matters of principle and practice that need to be addressed. I unfortunately see no signs at the moment that the Government have any idea of how they are going to proceed. I hope that this debate helps to clear their mind.

4.23 pm

**Lord Jay of Ewelme (CB):** My Lords, I too congratulate my noble friend Lord Sandwich on organising this debate. Much debate on Brexit is about what will happen over the next 21 months or so, and it is good to be able to look a bit beyond that. Indeed, it is good to look at some aspects of Brexit that might conceivably even be of some advantage to the United Kingdom, rather unusually.

The size and structure of the British aid programme has been rightly admired around the world, if, alas, not always in this country. The focus on aid to the least developed countries has been a key part of that, together with the very good work of NGOs, which has not been mentioned so far today and which deserves great praise. It has made a real difference to the lives of some very poor people around the world. I hope that the emphasis in the aid programme on the least developed countries will continue after Brexit. I cannot see why it should not; indeed, I can see every reason why it should. It would be good to have confirmation from the Minister that that will be the case.

Less than perfect administrative capacity is inevitable in the least developed countries, which means that the misuse of aid must be minimised. However, it will never be eliminated. We have to accept that, from time to time, there will inevitably be complaints about the way in which aid has been used; alas, that will not always go down well in the papers here, but it is an inevitable consequence of a focus on the least developed countries. There will always be tensions too between the wish to support the poorest people in poor countries and real concerns about supporting countries with questionable political systems.

The key here—I very much agree with what was said by the noble Baroness, Lady Chalker—is that the FCO and DfID should work closely together and complement one another. I am sure that they will do that in future, after the adventures of the past few weeks. For the avoidance of doubt, and as a Cross-Bencher, I should say that poor relationships between the FCO and DfID are not new and not a prerogative of any one particular political party. As Permanent Secretary to the Foreign Office, I remember calling on Prime Minister Meles in Addis Ababa to pass on the rather firm message from Prime Minister Blair and the Foreign Secretary Jack Straw that locking up the opposition was not the best way to burnish his social democratic credentials—only to find that the DfID representative in Addis Ababa had called on the Financial Minister the very same day and promised him a rather large sum of money. I did not feel that that enhanced the message I was trying to give. However, I am quite sure that that will not happen in the future.

As the noble Earl, Lord Sandwich, has said, trade is important. I am glad that the Government have said that after Brexit they will, as a minimum, provide the same level of access to developing countries as the current EU trade preference schemes. That is a very important commitment. The EU has not been as generous as it might have been in its trade policy to developing countries. I hope that the Government, outside the European Union, may be able to devise more generous policies, especially to the poorest countries. I welcome anything the Minister can say about that too.

4.27 pm

**Viscount Eccles (Con):** My Lords, I should remind myself and the Committee that I was in development for a long time, working for the Commonwealth Development Corporation. I am historical because I became its chief executive about 30 years ago. Subsequently, of course, my noble friend Lady Chalker was my boss, so I had to pay very careful attention. If I may make a personal remark, I much preferred it then. It would be better today if DfID were part of the Foreign Office; making it a separate department was a mistake, and remains so.

I will duck Brexit because I do not have the slightest idea what will happen after it, and in the life of CDC, it will not make any significant difference, whatever the agreement or whichever way it goes. We are in long-term economic development. We will have investments at the time and will be making more, so I do not think it will make any difference. Co-operation with our European and United States partners, such as the IFC, DEG in Germany and FMO in Holland, goes on all the time and will undoubtedly continue. We will have joint investments and so we will have to talk to each other in a quiet and friendly way, otherwise things will not go well.

I say to the noble Lord, Lord Hughes, that for the 70 years of its history, CDC has been investing in power stations and electricity distribution, using hydroelectric as well as conventional electricity. It is still doing that; at the moment, it is working very hard in Sierra Leone on power generation and distribution. Of course that is tremendously important. You cannot

[VISCOUNT ECCLES]

have economic development and you cannot increase trade unless you have things to sell—and you do not have things to sell unless you create the companies to produce things that people want to buy. In the long term, it is economic development that tells the story.

I want to illustrate that point by talking about three countries. The Comoros have 800,000 people who are Sunni Muslim and \$1,500 of income per capita. They were French—there are three islands and the French kept the fourth one, presumably because it was the best—and 300,000 Comorans live in France. How do you do long-term development for those islands? They export vanilla, which you can synthesise—but still, they export natural vanilla—and they have a tourist trade, with very good snorkelling. They also have political instability.

Then we go to the other end of the scale and the countries that are the least developed. Ethiopia has \$1,900 dollars per capita and 105 million people. It has a difficult history, but it is the country from which coffee came. Coffee has not been mentioned specifically, but the way in which the European Union behaves about coffee is scandalous. It debarbs the least developed countries effectively from processing their own coffee; it tells them, “You can send us beans”. So there are things that might get better after Brexit. In Ethiopia, 45% of the population are Ethiopian orthodox Christians—rather different from 98% Sunni. In the middle, you have Tanzania with 50 million people. It was German but then it became British.

When you are thinking about aid, trade and economic development, it is incredibly important to understand the complexity of what you are engaged in and the amount of information that you have to collect. The banners that are put up to say that we are going to do the same thing everywhere just do not work.

It is incredibly important that we continue with a development finance institution such as the CDC, which puts people on the ground and has technology, electricity generation and distribution, and mobile telephones, for example. It used to have—and I hope it will have again—a lot of sophisticated agricultural technology, and will continue with the business of long-term economic development. Please may we cease to argue about the relative benefits of aid, trade and economic development? They all have their place but, if you want to solve the problems, it is economic development that will do it.

4.33 pm

**Viscount Craigavon (CB):** My Lords, I am most grateful to my noble friend Lord Sandwich for raising this debate and focusing our minds on this aspect of international development. For what it is worth, and as a fellow strong Brexit supporter, I hope that I may congratulate Penny Mordaunt on becoming the new Secretary of State, and wish her well.

One positive result of Brexit will be that we, this country, will be forced to address more carefully the merits and advantages of how we spend taxpayers’ money, which in the past we left to the EU, rather than handing over large sums and leaving it to the EU largely to decide the best way in which to disburse it.

In theory, in the longer term, that should lead to the need for more parliamentary debate and input on this subject. However, in contributing to this debate, I realise that the immediate bridging on departure from the EU will lead to some difficult consequences, particularly in trade, that need to be addressed. Obviously, we should continue to co-operate closely with EU countries on the ground but, at the end of the day, crucial decisions will be ours. As the noble Lord, Lord Jay, said, we can be more generous.

Usually, and rightly, underpinning debates such as this are the sustainable development goals—and I shall come back later to what I believe to be important about that, if I have time.

We should congratulate the department on already having announced, as other Lords have noted—that on leaving the EU it intends to continue the EBA—Everything But Arms—scheme that provides the least developed countries with duty-free market access. The announcement went further, without many details, to the effect that improved market access would be offered to the next tier of countries. We should also be grateful to the NGOs that have been prompting DfID in this direction. For many countries, their narrow range of products, such as sugar or coffee, would not be competitive in our market unless such preferences were given. We understand that there is also a commitment to trade in a way that protects human rights and the health and safety of workers. Existing agreements and preferences could be improved in negotiating the new arrangements. However, given the pressures we will now be under in other areas to safeguard our own general position and interests, we will need to rely on the relevant countries to come forward, with their allies in this country—the NGOs and businesses affected here.

I come to the subject of support—the word in the title of this debate—that is given by DfID other than through trade, in financial assistance. For example, in the Government’s paper, *Foreign Policy, Defence and Development—a Future Partnership Paper*, mention was made of the positive leadership of the UK in calling a family planning summit in London earlier this year, along with seven other EU member states, in the build-up to 2020. In her introductory speech at the summit the then Secretary of State said that the UK would boost its support for family planning around the world by 25%, and that that commitment would last until 2022. We have been trying to lead other EU countries in this field for some time and I hope that we may continue to do that.

After the worrying withdrawal of the American contribution in this field, we are now the lead donor to the United Nations Population Fund, and it is vital that this continues, along with the contributions of other EU countries. In the opinion of many, and as stated in the SDGs, successful reproductive health programmes are one of the keys to sustainable development. It is accepted that such investment in that field yields a benefit to that society many times over. The Sahel, which has been mentioned by two noble Lords, is a region that needs much encouragement in the area of reproductive health.

I hope that, even in the uncertain times to come, DfID will find it desirable to prioritise such investment in reproductive health. In this field, and in much of

what we have heard today, many fine words and good intentions have been expressed. I hope that we and the department can live up to them and deliver what we all hope for.

4.37 pm

**Lord Jones of Cheltenham (LD):** My Lords, I, too, thank the noble Earl for initiating this important debate. During my 25 years in Parliament, I have devoted some of my time to understanding and supporting the work carried out by the Department for International Development.

I also have an interest in spreading democracy, and have been to several countries in Africa, including Mozambique and Sierra Leone—two of the countries mentioned today as being most in need of help—and to the Palestinian territories, as an observer of their elections. Observing elections is always a fascinating and uplifting experience. The UK uses its international development policy to address a number of global challenges, including poverty, diseases, climate change, migration and state fragility. While we are a highly generous donor, we cannot hope to solve these problems alone and need to work with other donors and to mobilise them to pursue similar goals.

It is possible—indeed likely—that, as a result of Brexit, the EU's development focuses will shift. The central and eastern European countries are keen on diverting EU aid from the poorest countries, such as those in sub-Saharan Africa, towards the EU's eastern neighbourhood, something which the UK—quite rightly—has so far resisted. The migration crisis has also strengthened calls for diverting EU aid.

A potentially long and painful Brexit-induced recession may force the Government to make cuts and abandon the 0.7% overseas aid target. In September this year, the UK Government published a policy paper, *Foreign Policy, Defence and Development—a Future Partnership Paper*, which stated that,

“the UK will continue to use its international development budget through its international development partnerships, to advance global development impact or to tackle specific country problems”. I was encouraged by that. However, the former Secretary of State, Priti Patel, said in October that leaving the EU would allow the Government to reclaim billions of pounds of annual aid funding currently diverted via Brussels. It could then be used not only for “humanitarian” work, but for,

“prosperity, Britain post Brexit, trade and economic development”. She said this to the Commons International Development Committee. She added:

“There are a whole raft of opportunities”, where we can use that money for,

“our national interest, global Britain's interest, as well as helping to alleviate poverty around the world”.

The primary purpose of development should be lifting the poorest people in the world out of poverty, not serving the Government's post-Brexit trade strategy.

When Hurricanes Irma and Maria tore through the Caribbean in September, the UK Government came under sharp criticism for a slow and seemingly reluctant effort—although they got there eventually—in the recovery of its Overseas Territories, including the British Virgin Islands, Anguilla and the Turks and Caicos Islands. One of the excuses used by DfID was that,

under international rules, those islands are too wealthy to be eligible for official development assistance. That may be so, but these are UK Overseas Territories. They are not independent countries; they each have a UK governor. They are our responsibility and we carry any liability caused by unusual and devastating events such as hurricanes. Frankly, neither France nor the Netherlands had any hesitation in getting support to their overseas territories.

I have a couple of questions for the Minister. What discussions have the Government had with the Department for Exiting the European Union to ensure that funding for British Overseas Territories is protected in real terms if and when the UK leaves the EU? What assessment have they made of the UK's ability to commit to spending 0.7% of the UK's GNI on overseas development assistance after we have left the EU?

4.42 pm

**Lord Collins of Highbury (Lab):** My Lords, I too thank the noble Earl for initiating the debate. Over the weeks and months ahead we will have plenty of opportunity to debate even further. We will have more time.

A cliff-edge Brexit will have catastrophic consequences. As we heard yesterday in your Lordships' EU Financial Affairs Sub-Committee, JP Morgan's contingency plans include beefing up its operations in Ireland, Germany and Luxembourg in preparation for a hard Brexit. We see from reports this afternoon that that seems quite possible. There is no doubt that many in the development community fear the consequences of a cliff edge and face the need to make contingency plans. What discussions have DfID had with NGOs to address such fears? What will be the position of INGOs receiving funds from DfID on funding from DfID and the EU post Brexit? Will British NGOs have to register elsewhere, such as in Scandinavian countries, to secure and obtain EU funding?

According to the Minister, in *Hansard* vol. 783, “the UK contributed £935 million in overseas development assistance to the EU budget in 2015 through core funding. In addition, DfID contributed £392 million to the European Development Fund”.—[*Official Report*, 4/7/17; col. 783.]

That is significant, and in DfID's multilateral development review the EDF was deemed among the most effective of any multilateral organisations. The noble Lord argued that decisions on whether we want to contribute or stay out of the EDF will be made as part of the process of exiting the EU, asserting,

“at least we have a choice”.—[*Official Report*, 4/7/17; col. 783.]

Does that mean a choice not to support the most effective programmes—a choice not to augment our priorities through partnership in the EU?

I welcome the Government's approach to trade policy towards developing countries, released by DfID, but it is not as generous as it may appear. As we have heard, the strategy addresses everything but arms agreements, which allows for the UK to negotiate agreements unilaterally, but it does not address the economic partnership agreements which are vital to many developing countries in terms of trade going into the UK and the EU. How are the Government going to address this issue in negotiating Brexit? Are we

[LORD COLLINS OF Highbury]

meant to be satisfied by the assertion that they will continue until Brexit? What about the requirement for planning, the longer term commitments, the 10-year plans? All we hear from the Government is that the details will be handled as part of the exiting EU strategy. We are told the UK strategy is a cross-government, cross-Whitehall approach about where our priorities should be. Is DfID there when crucial decisions are being made?

Under EU law, it is required that trade policy promotes sustainable development. Liam Fox commented that the Government are committed to helping developing countries grow their economies and reduce poverty through trade. However, the recently published Trade Bill has been described as a missed opportunity by the Fairtrade Foundation for the Government to place poverty reduction at the heart of future trade deals and to ensure open and democratic scrutiny of future trade negotiations.

We are told that the UK is committed to ensuring that when companies source from developing countries they do so in a way that protects the human rights of workers and their health and safety—we heard this in the debate from the noble Viscount—but I would like to hear from the Minister what steps the Government are taking to ensure that forthcoming deals being negotiated by his colleagues in the Cabinet are properly assessed to avoid unintended knock-on damage to poverty reduction and human rights.

4.47 pm

**The Minister of State, Department for International Development (Lord Bates) (Con):** My Lords, I join with others in paying tribute to the noble Earl for securing this debate and for the way he has set the scene. I particularly thank him for his good wishes to the new Secretary of State, Penny Mordaunt. She has already addressed staff at DfID stressing her priorities, one of which will resonate with many in this Room—disability. She was Minister for Disabilities at DWP, an area I know well and on which we are already doing a great deal of work. We can look for that to be enhanced in the future.

The focus of this debate is on the implications of exiting the European Union; our trading relationships with developing countries; our future development partnership with the EU; and annual UK development assistance. On the sums referred to by the noble Lord, Lord Collins, this morning we had the timely publication of *Statistics on International Development 2017*, which gives the latest figures for 2016. These show that the annual development assistance channelled through the EU was £1.5 billion in 2016. This comprises 15% of the EU development funding and consists of contributions to EU Budget Heading IV instruments of £1.031 billion and to the European Development Fund of £473 million.

The noble Lord, Lord Collins, asked what arrangements there might be going forward. We will continue to work closely and in parallel with the EU in many areas. I will come on to these later and particularly touch on the Sahel. However, there are structural changes that the EU will need to make. For example, the European Development Fund would not allow a non-member state to be a member. Although I accept

that it is a well-performing fund, it would need to be opened up and made available to non-members if the UK was to continue to be part of it.

The EU's development priorities are closely aligned with the UK's—indeed, they have to a considerable extent been shaped by the UK during our EU membership. However, where the EU currently provides development assistance to more than 140 countries, UK aid is focused on 32 priority countries—the noble Earl referred to this, saying that where aid is needed most is in the difficult areas, in the tough areas. My noble friend Lord Eccles referred to the mission of CDC as being to work in the most difficult and challenging areas. That is where we focus our effort.

I join the noble Lord, Lord Jay, in paying tribute to the work done by British NGOs around the world. One of the most shocking statistics we see is that for the deaths of humanitarian workers. Sadly, in many conflicts humanitarian workers are targeted for delivering humanitarian aid. We should honour the sacrifice that so many of those NGOs make. I was asked by the noble Lord, Lord Collins, whether I had met the NGOs. I had a round table recently with the major NGOs that work with DfID, including Bond, where we discussed this very issue. I have relayed its concerns and we are working with the Department for Exiting the European Union to ensure that our world-class NGOs are not disadvantaged by any changes.

The question of how much will be reallocated to DfID is subject to agreement with the Treasury. DfID has a tried-and-tested resource allocation process that has enabled us to deliver the Government's target of 0.7% of GNI for five consecutive years. I am confident that we would be able to absorb any additional funds allocated to us. Of course, it would be premature to announce detailed spending plans, not least because there are significant areas of uncertainty, such as the point at which the UK will stop making contributions to the EU—the noble Lord mentioned that many such contracts are long-term engagements. That needs to be fully clarified. Another area is how the EU will respond once UK funding ceases; specifically, whether member states will increase their ODA contributions to compensate for a 15% reduction in the EU's development budgets. Finally, it is uncertain what the UK's ODA budget will be in future years, as it is linked by law to gross national income, which by its nature fluctuates.

The noble Lord, Lord Hughes, touched on power supply, which is a crucial element. Just as with economic development in this country the maxim is that investment follows infrastructure, so it is true everywhere else. Where there is investment in infrastructure, it acts as a catalyst for investment. As my noble friend Lord Eccles mentioned, it is a prime reason why we are increasing the resource available to CDC. In some of the areas I work on, I am struck by how many incredible solutions—in education, for example—can come through use of tablets and computers, yet the absence of electricity makes them a non-starter. In economic development, mobile payment technology is liberating parts of east Africa through the TradeMark East Africa project, but some people are missing out simply because they do not have electricity. Therefore, the advance of solar power, particularly small-scale solar power, is revolutionising what we can do in those areas.

I remind noble Lords of our recent commitment to remain the largest donor to the International Development Association, which in its next cycle will double the resources going to fragile states, as well as of our decision significantly to scale up our contribution to CDC to support its job-creating investment activities. Together with our multilateral reform efforts, this will deliver a higher volume and quality of resources to the least developed countries.

We have incredible expertise here, including former Permanent Secretaries—I think that the noble Lord, Lord Jay, was at the Foreign Office at the time of the incredible Gleneagles agreement, which was certainly a landmark under the previous Labour Government. Our longest-serving Overseas Development Minister, my noble friend Lady Chalker, talked about close working between the FCO and DfID—a number of noble Lords, including the noble Viscount, Lord Craigavon, mentioned this as well. For the first time, we now have joint Ministers between departments in Rory Stewart and Alistair Burt. We have new cross-Whitehall funds: the Conflict, Stability and Security Fund; the prosperity fund; and the empowerment fund. They are distributing aid and, together, forcing that effort of co-ordination. I would like to be able to say, hand on heart, that the Addis Ababa experience will not be repeated, but I think the chances are reduced, especially now that when you visit a lot of these missions, we are co-located with the Foreign Office in buildings. That seems a very sensible way forward.

Turning to the future, it is in the UK's interest that the EU remains a strong development partner after we have left, and that we work coherently on helping the world's most vulnerable. On 12 September we published the future partnership paper referred to by the noble Viscount, Lord Craigavon, and the noble Lord, Lord Collins. In it, we expressed our desire for future co-operation with the EU that goes beyond existing third country arrangements, building on our shared interests and values. We look forward to formal discussions in phase 2 of the negotiations. In the meantime, as a member state, we are engaged in discussions with the European Commission and other member states on a successor to the Cotonou agreement. Through those discussions, we are pushing for more flexible EU development instruments after 2020 to allow greater co-operation with non-member states.

I turn now to a point made by my noble friend Lady Chalker and the noble Lords, Lord Jay and Lord Jones—the situation in the Sahel. The UK is one of the largest donors to humanitarian relief in the Sahel. Between 2015 and 2018, the UK will provide nearly £190 million of humanitarian assistance to support over 2.3 million people affected by conflict. To the noble Lords and the noble Baroness who spoke on this, perhaps the most encouraging part of this update is that, given the ongoing development of the humanitarian political challenges faced by the region, it is significant that the UK will have a new, permanent office in Chad before the end of the year, comprising a DfID/FCO joint mission. I hope noble Lords will be encouraged by that.

I want to make one point to the noble Lord, Lord Jones, on overseas territories. Of the £62 million that we provided immediately for those who suffered Hurricanes Irma

and Maria, only £5 million was ODA-eligible, but that did not stop us—quite rightly, as the noble Lord urged—from recognising our responsibilities under law and under the UN charter to care for and protect those important citizens in the overseas territories. The UK Government share a responsibility with overseas Governments to ensure the security and prosperity of British citizens living in those territories. Part of the UK's support to overseas territories is provided through the EU. The European Commission has already assured our overseas territories that they will receive their full allocation from the EDF.

I am conscious that time is running out, but I know this issue is of great concern. Perhaps I can close with some good news that I have heard through the usual channels: an additional debate in the name of my noble friend Lady Nicholson on the economic development strategy of the Department for International Development has been secured next week; on Wednesday, I think.

**Lord Collins of Highbury:** It might be on Monday the following week.

**Lord Bates:** The usual channels are working in their wonderful way. It may indeed be on Monday the following week—yes, the usual channels have just informed me that it will be on the 27th. I hope that will be another opportunity to follow up on this, but I thank the noble Earl again for an informed, interesting and helpful debate.

## Arts: Government Support

### *Question for Short Debate*

5 pm

*Asked by The Earl of Clancarty*

To ask Her Majesty's Government what steps they are taking to support the contemporary practice of the arts, including music, drama, dance and the visual arts.

**The Earl of Clancarty (CB):** My Lords, UNESCO in 2015 summarised its 1980 Recommendation concerning the Status of the Artist, which refers to the legislation and public policies that a member state should have, by describing their two objectives: first, acknowledging the important role that artists play in society; and secondly, encouraging creative expression and ensuring equitable treatment for professional artists by developing appropriate measures which respond to their unique circumstances and the atypical manner in which they work.

As I will endeavour to show, these are fundamental objectives that we are in danger of losing sight of. As UNESCO recognises, the work of the artist is a contribution to society. That is its value. The arts as a project of contemporary work should not have to justify themselves economically, despite the money spent over the years at the behest of successive Governments in doing so and despite whatever the results of such surveys are. The artist, in whatever medium, needs living costs, time, resources and space to develop their own particular practice, often over a long period of time; and space, too, for display or performance.

[THE EARL OF CLANCARTY]

What I am not sure about is where exactly in government the responsibility for support for this work lies. One of the reasons I wanted to have this debate was to pull the work of artists out from the position where it has sat uncomfortably within the creative industries grouping, which emphasises economic success—although, since the departmental reorganisation earlier this year, it appears to straddle that and a policy area that stresses the importance of tourism, including our national museums and galleries. Where precisely within the department does the responsibility for enabling the UNESCO objectives lie?

This is a vital question. If we went by the headline news, the success of the creative industries—remarkable capital projects such as the St Ives Tate extension, and the outstanding work that is produced—one might, as a consumer of the arts, particularly if you live in London, be led to believe that everything in the garden is rosy. The reality is different. The great majority of practitioners—whether in fine art, music, writing, theatre or dance—are finding it increasingly difficult to carry out their work properly.

From 2010 to 2015, Arts Council funding fell by 36% and in real terms is set to drop further. Local authority investment in arts and culture is down 17% since 2010. By and large, these moneys are not replaceable, despite government exhortation to find alternative methods of funding. This is proved through the reduced budgets of theatres, orchestras and dance companies. Local museums, galleries and performance spaces have had to reduce access or close their doors, while art centres have had to cut back significantly on mounting innovative work. This is exemplified too by the decreasing income amongst the majority of creators. The visual artists support organisation a-n, in its new survey, shows that 41% of its membership has a total income from any source of less than £10,000 a year. According to the London mayor office's briefing, shockingly, most professional dancers earn less than £5,000 a year.

A concern for artists and musicians is fair remuneration for their work. In 2016, 28% of openly offered opportunities for visual artists offered no payment. A working group on paying artists has been set up by a-n to tackle the issue, yet clearly public spaces, the main target of the campaign, also need to receive the funding from central government to offer properly paid opportunities.

Many artists are self-employed and their incomes will fluctuate significantly throughout the year. As Artists' Union England points out, the rollout of universal credit and loss of tax credits, as discussed earlier today in the Chamber, will have a hugely damaging effect on livelihoods. As Artists' Union England says, "the DWP should not penalise artists for being poor".

The cuts have adversely affected women, especially those with family commitments. There needs to be greater encouragement of women as arts project leaders, something that the Arts Council can take a lead in. The more there is gender equality in the arts, including in hierarchical situations, the healthier our arts will be, and I ask the Minister to comment on this.

A particular concern is the increasing threat to spaces for the arts in our towns and cities—concerns flagged up by both a-n and Equity. In London, 30% of

affordable artist studios are set to be lost in the next two years, while 40% of small-scale live music venues have been lost in the last 10. For artists, this adds on even more financial pressure. The problems are growing gentrification, cash-strapped councils, which are selling buildings for development, and now the problem of the loosening of planning regulations. Zoning is, in the end, not an ideal answer. A properly holistic approach to community development from our city governments and local authorities is desperately needed, and that requires a radical approach which must include rent capping. The effect in London is that many artists are leaving the city altogether. This is not a desirable outcome.

One of the more oddly disturbing effects of the cuts is the extent to which the use of new media in arts projects has stalled, as noted in this year's report on digital culture by the Arts Council. This has, for example, been true for both the Norwich Theatre Royal and the Hull Truck Theatre, which say that they,

"often have creative ideas for digital projects which might support or enhance ... work on stage, but fail to realise them for reasons such as capacity, resource ... or funding".

In the current circumstances, the Arts Council has, rightly, this year got money to the regions, where it is needed, although by doing so one feels that it is moving into territory that should be covered by local authorities. It is high time that the damaging cuts to local authorities and the Arts Council were reversed, enabling artists throughout the whole country to carry out their work.

On a related funding matter, there is some concern over the future of the lottery. I ask the Minister whether the department is keeping an eye on this and in what way?

I will talk briefly about arts education in schools, not least because every area of the arts I have spoken to raises this as a major concern. Many of us would implore the department to have serious talks with the DfE about an education policy that is already being destructive not only to the arts but to all of the creative industries. As NESTA has said, the pipeline needs to be fixed for STEAM talent. From the point of view of arts practice, my fears are, first, that it will affect diversity, and we are seeing this already in the acting profession. Secondly, by turning those who study the arts into second-class citizens, we will be producing in a generation a less sympathetic environment into which new artists launch themselves. The effect of the EBacc is now significantly reducing take-up of many arts subjects, and there is anecdotal evidence in schools that this unsympathetic environment is already developing.

I end by saying a few words about Brexit. Many of the arts, including, for example, dance companies, share with the creative industries a huge concern over the potential loss of workers from the EEA. This is not just the loss of an employment pool; it is also about innovative collaboration and cultural exchange between artists. However, the particular concern of artists and companies is about movement the other way—into Europe. The loss of free movement would be disastrous for those often young British artists starting out on their career and wanting to develop their practice in other environments, often in a work situation.



It will be disastrous too for those who make multiple visits abroad as part of their professional commitments. The Incorporated Society of Musicians notes that musicians may travel to Europe over 40 times a year. Dance companies too may give dozens of performances a year within Europe. Visas will be simply unrealistic. One Dance UK also points out concerns about possible increased freight costs, such as those involving the movement of sets and costumes.

The phrase that terrifies me most is “attracting the brightest and the best”, because if we leave the EEA and this is to be the reciprocated policy, then only the privileged—that is, the established and the salaried—will be able to move freely between the UK and the rest of Europe. We will need a workable non-bureaucratic solution that does not penalise the less well-off.

The Authors’ Licensing and Collecting Society makes the point that continuing concerns about copyright, transparency, contracts and fair pay for authors, which are bound up with the EU draft directive on the digital single market, are still to be resolved, and we need to grasp that opportunity to create a fairer deal. I appreciate that the noble Lord, Lord Ashton of Hyde, has displayed sympathy over those Brexit concerns. What we have not had from government, however, is any response that allays these fears.

On a more general note, the voices of artists need to be heard more clearly within government. What round-table talks has the Secretary of State had with artists and practitioners? Perhaps they should have membership on the Creative Industries Council; currently, there is no direct representation from creators, the council being made up of industry, grant-funding bodies and the commercial end of the sector.

5.10 pm

**Viscount Eccles (Con):** My Lords, I am grateful to the noble Earl for introducing this debate. I want to concentrate on museums and their possible role in relation to contemporary practitioners of art and craft. It may be time to have a bit of a policy think about this subject.

As we know, museums are rather arbitrarily divided between national museums and local government or provincial museums. I think that the division has probably got more to do with visitors to this country than anything intrinsic to museums. I want to give one example of funding. There is a small, very good national museum in London which has 120,000 visitors a year. It gets from the DCMS in core funding £1,750,000. In the north-east, in County Durham, is the largest provincial museum in the country, with arguably the finest collections of any provincial museum—the Bowes Museum. It is funded by a small county under great pressure, which has lost its coalmines and steelworks—not an easy place for local government to operate. The museum has £350,000 of core funding, and 120,000 visitors. So the finest provincial museum has the same visitor numbers as a small national museum in London—a very good museum, but I am not going to name it—but that London museum is getting five times the core grant that the Bowes Museum is getting. That does not seem to me easily defensible, with regard to a national policy towards museums. I would be most

grateful if the DCMS and my noble friend on the Front Bench could take account of that matter. Perhaps I could suggest that we have a meeting to discuss this issue in more depth and detail, because it is a very serious one.

Another point about museums is that, when funding is tight, it is quite difficult for them to keep up with contemporary art, which is expanding at a rapid pace and in many different directions—digital was mentioned by the noble Earl. For example, if you go to the Ashmolean, a very fine museum, and look at its collection of 20th and early 21st-century studio pottery, you will see some very fine pottery, including pieces by Lucy Rie, a pot by whom sold for £125,000 in Christie’s about a fortnight ago. But it is a very small collection, absolutely nothing like the size of its 18th-century collection or 19th-century ceramics. How are those museums going to keep up? Frankly, with the funding situation and the challenge, I do not think they are.

Another serious policy position is around where museums have got to and where they are going. Will they have closed collections, like the Wallace Collection, never acquiring, lending or disposing anything? Those are big issues, and I think that they should be considered in some depth, which is not happening at the moment.

Museums need to think about life differently. We have started that at the Bowes Museum. We have created a centre for contemporary art, craft and design. Incidentally, it is currently privately funded. Its purpose is to work with practitioners in the north of England to see how we can support them and how they can relate to a museum and the collections we have. It is becoming more difficult to relate today’s generation to museums than it used to be because, again, of the way things have moved on. A minimalist approach to living is prevalent, but there are all sorts of other reasons.

I hope the DCMS will review the situation because it will not get any better. The fact of the matter is, however much we appeal for it, there is no more money available to be distributed. We have to find other ways. Surely they must include a policy approach, self-help and a functioning of the funding system, such as it is, that is more appropriate to the needs of today than the one that exists at present.

5.16 pm

**Lord Freyberg (CB):** My Lords, I too thank the noble Earl, Lord Clancarty, who made an excellent summary of the issues facing artists and the difficulties placed on them following the Brexit referendum, with a squeeze on funding and a rise in the cost of living. In the time I have I will concentrate my attention on the visual arts. In doing so, I declare my experience as a fine artist.

As the noble Earl said, probably the most critical issue facing the visual arts is the shrinking of arts provision in state schools due to curriculum changes and the concentration on STEM. This, coupled with the Government’s doctrinaire support of the EBacc and the absence of arts subjects within its metric, is steadily eroding the number of students who might wish to consider a career in the arts as the opportunities to be exposed to creative and arts subjects decline.

[LORD FREYBERG]

Given the extraordinary success of our creative industries, our world-class art colleges, the international calibre of our visual artists and London being the second-largest art market in the world, you would have thought it an astonishing goal not to fund creative arts subjects to a level that reflects their importance to our economy. Yet that is exactly what the Government are doing. Aside from the cultural benefits of the arts there are direct economic benefits for this country. We must act to defend them and safeguard the next generation of workers for our creative industries. It would therefore be good to know what steps the Government are taking to support arts provision at primary and secondary level.

When thinking about this debate, I was particularly struck by a stark statistic provided in a parliamentary briefing by a-n, the Artists Information Company, in its 2017 survey. This is, as the noble Earl mentioned, that 41% of visual artists have a total income from all sources of less than £10,000 and only 27% achieved a total income of more than £20,000. In reality, the majority of artists in the visual arts are scarcely getting by, despite 80% of them being qualified to degree level and above. Consequently, for many of the 35,000 graduates who leave art and design colleges every year, the high cost of living in cities, particularly London, and the lack of affordable workspaces is a real and growing problem. A constant theme I heard during my research for this speech is the drain or loss of talent, as more and more artists can no longer afford to spend time on their creative practice because they have to work on whatever they need to do to pay for their workspace and materials. This is particularly wasteful given the huge resources and effort we put into their training.

Investment in glamorous venues, such as Tate Modern and the V&A, where audiences can see new work has overshadowed a lack of investment in the building blocks of artistic research—the workspaces where artists create their work. If workspace for creative people is considered important and we wish to retain our position as a beacon of artistic practice, we need to address how we support this. But time is running out. A 2014 GLA report on artists' workspaces in London, for example, stated that some 28% of artists' studios are under threat within the next five years,

“as operators do not expect to be able to renew leasehold/rental agreements to secure their premises, demonstrating the precarious nature of affordable artists' workspace”.

That helps explain why lately a steady stream of artists has been leaving London for towns on the south coast.

The experience of other cities, such as New York and Berlin, in addressing this problem has been one of tactical interventions, such as planning protection, direct investment in under-occupied buildings, reductions in business rates and core funding to subsidise rent. Similarly, many councils, such as Hackney, are trying hard to set policy to deliver affordable workspace. It would therefore be useful to hear what plans the Government are putting in place to protect these workspaces, especially when in recent years there has been a great deal of commissioned research yet as of today, it is still not clear what action has been taken to deal with the problem.

London's escalating rents and increasing land values have had other knock-on effects. The rise of commercial rents has squeezed many small and emerging commercial galleries out of business. In recent years cutting-edge galleries such as Nettie Horn, Carroll/Fletcher, Vilma Gold and Limoncello have all closed, which makes it increasingly difficult for UK-based artists to enter the commercial gallery world. International galleries such as the Gagosian, Hauser & Wirth, David Zwirner and the Pace Gallery all tend to take on artists who have already established themselves. So we have a conundrum in that as cultural consumers, London has never given us more access to the world of contemporary art through these extraordinary international art spaces but, for artists, there appear to be fewer routes for our home-grown talent and, by extension, for our gallerists and curators. It would be good to know whether this has been recognised and understood as a concern by organisations such as the Arts Council and, if so, whether there are any strategies in place to address this, as they are a vital part of the arts ecology.

National museums and organisations funded by the Arts Council also need to play their part. Too often, publicly-funded galleries pay artists almost nothing as a fee when they have spent months making work for an exhibition and borne many of the costs, such as studio rent. In some cases, the galleries pocket the entry fees from the public to visit such exhibitions. This effectively keeps many artists in poverty. As the noble Earl said, galleries should pay artists proper fees for their work as set out by organisations such as Artists' Union England. I hope the DCMS and Arts Council England will look to formalise these payments as a condition of receiving funding. At the same time, artists who have benefited from the publicity and acclaim of showing in public galleries should expect to contribute a percentage of the sale of any exhibited artworks to reimburse some of the gallery's exhibition costs.

The other big issue is Brexit. There appear to have been few discussions about what impact Brexit will have on our access to culture, specifically museum exhibitions, and how this may inhibit European international opportunities for UK artists, as well as for incoming artists' shows. There is a real danger that we will become inward looking, not only in terms of visual arts. Related to that is the issue of visas, both for museums and galleries wanting to attract international artists and for art schools wishing to continue to attract large numbers of international students, as well as international artists who can enrich their programmes. Although welcome, yesterday's announcement of the doubling of exceptional talent visas from 1,000 to 2,000 is merely a sticking plaster. It remains to be seen whether that will have any impact on artists, but it does not begin to answer how we maintain Britain's reputation as an open and welcoming cultural hub. It would be good to know what the Government's plans are in response to that.

5.23 pm

**Lord Wasserman (Con):** My Lords, I congratulate the noble Earl, Lord Clancarty, for securing time for this important debate. I am delighted that the noble Earl is so assiduous in reminding the Government that there are issues other than Brexit worth discussing,

and particularly in reminding them of the importance of looking after the nation's cultural well-being as well as its economic needs.

The noble Earl has a well-known track record in this regard. Almost six years ago, on 3 February 2011, I had the honour of delivering my maiden speech in your Lordships' House in a debate that he introduced, "to call attention to public funding for the arts". Since then, the noble Earl has introduced a large number of debates on public funding for the arts, and I hope that he will go on doing so for a long time to come.

In that speech almost six years ago, I said:

"We are very privileged in this country to have access to a world-class arts scene: theatre, opera, dance, music, museums, galleries and much more",

and that this was made possible,

"through a combination of state funding and the generosity of a relatively small number of public-spirited individuals and corporations".—[*Official Report*, 3/2/11; col. 1527.]

I pointed out that while it was normal practice in this country for supporters of the arts to complain vociferously about how little support the Government provides to the arts compared with other European countries, the truth is that compared with the United States, for example, the level of government funding for the arts is very generous. For this reason, I do not want to use today's debate to argue for more public money for the arts. Instead, I want to make a modest yet practical proposal for how a small amount of government money might be used to achieve a number of important national artistic, cultural and social objectives.

To cut to the chase, there is an immediate and well-documented case for at least one, and preferably more than one, specialist school where boys and girls of secondary school age can receive high-quality professional training in an art form which is particularly attractive to them—contemporary dance. I have come to this conclusion as a result of a performance I attended a few weeks ago of BalletBoyz, a contemporary dance company founded by two former members of the Royal Ballet. This extraordinary company, which combines high-quality live performances with TV films, has reached more than 10 million people since it was set up in 2000. It is worth mentioning that while BalletBoyz receives funding from the Arts Council, it has earned an equal sum from ticket sales and has received a slightly larger sum from other sources, including fees and general support from private donors.

What struck me most forcibly about that performance was the composition of the audience. Unlike the Wigmore Hall, which is my favourite venue in London for music, the audience that evening in Sadler's Wells included large numbers of young people and members of the BAME community. Discussing this after the performance with Michael Nunn, the company's dynamic director and joint founder, I learned that the BalletBoyz audiences on their tours outside London and overseas were similarly diverse and that many of those watching the performance were attending a live dance performance for the very first time. Michael Nunn also told me that the members of the company, too, come from a wide variety of socio-economic backgrounds.

This is not surprising because, when one comes to think about it, contemporary dance is perfect for athletic young men and women whose background

makes classical ballet unfamiliar and unattractive but who simply love dancing. Sadly, however, there is at present no school in this country where young people of secondary school age—that is under 18—can learn this art form. There are good higher education colleges where contemporary dance is taught but there is no equivalent of the Royal Ballet School for those aged 11 to 12 who wish to pursue a career in contemporary dance at that early age. It is largely for this reason that of the 11 dancers in BalletBoyz, three were trained in Europe.

Contemporary dance is the most accessible art form for those who live in our inner cities and who come from the most deprived backgrounds. It opens an entirely new career opportunity to those who are not exposed to classical music or classical ballet but who love contemporary music and adore dancing. It is almost impossible to make a living as a dancer if one has not started training seriously until age 16 or 18. That is why I urge the Government to give serious consideration to establishing at least one specialist contemporary dance academy which would accept pupils of secondary school age. I say at least one such school because I believe that if we are to attract talented young people from across the country rather than focusing on one or two cities in some arbitrary way, we must establish a number of such institutions—for example, one in each of three or four of the largest metropolitan areas. These schools would open new career opportunities to hundreds of young people who have the talent for and the love of dancing but who would never consider classical ballet as something for them. These schools would significantly widen the pool of available trained contemporary dancers and thus enrich our national cultural life and enhance our already world-renowned reputation for this art form—an art form which can be enjoyed by people of all ages and all backgrounds.

I believe that the contribution of these schools to our society would extend well beyond the arts. They would make a major contribution to fulfilling the Government's commitment to building a country that works for everyone.

5.30 pm

**Lord Jones of Cheltenham (LD):** My Lords, I, too, thank the noble Earl for initiating this debate. He is a true champion of the arts and I agreed with every word he said. I also thank my good friend Robert Henrit, who many—including the late John Lennon—regard to be the greatest drummer of the rock and roll era. He has given me valuable advice on how things used to be and how they have changed for the current generation.

The music industry is in trouble, simply because, by and large, the general public do not want to pay for music. The knock-on effect is that musicians and entertainers do not earn enough to keep going. People cannot afford to go to shows as they used to because of ticket prices, so they cherry-pick and do not expect to pay for music in a pub. Therefore, publicans do not want to pay for music at all, so you cannot blame young bands for doing gigs for nothing. This lack of bums on seats has meant that venues and some theatres are being forced to go dark for some of the week, or, worse still, to close completely.

[LORD JONES OF CHELTENHAM]

It is now possible to make records on relatively unsophisticated laptop computers in a bedroom without the need to visit an expensive recording studio. This has meant, as we have heard, that our famous and cherished recording studios have been forced to close. It has also helped to devalue our music, because a band can make a record for the price of a few cups of coffee, not pay out as much as £100,000, as the Beatles did. The band does not need to get that money back any more, so if they are offered a pittance for their product they might as well just accept it.

Downloads have also devalued music. I understand that Pharrell Williams had 43 million plays of his record “Happy” but he earned and received only \$2,700, because the going rate was less than \$0.001 per download. Songwriters today are often paid pennies for successful tracks. As a result, for example, Nashville has lost more than 80% of its songwriters since 2000. The great British songwriter Russ Ballard tells me that his first royalties—I think it was for Hot Chocolate’s recording of his “So You Win Again”—resulted in a cheque for \$99,000. He was very disappointed that it was not for £1,000 more, but he bought a house with it anyway. How times have changed.

Another issue that worries musicians, indeed artists across the entire sector—we have heard about it already—is Brexit. According to the Creative Industries Federation, 96% of its members support remaining in the EU. This is Gibraltar proportions. The issue that exercises them most is freedom of movement. Robert Henrit described it to me thus: “In pre-EU days you needed permission to take away the livelihoods of the indigenous musical population in foreign countries—close neighbours or otherwise. If you were young and going to Germany in the early 1960s to play a minimum of nine shows a night—like the Beatles, me and countless others—and you were underage, you had to report to Bow Street magistrates’ court to formalise the affair. After the dreaded Brexit, what will be the situation regarding taking away jobs from the French, Germans or Italians? Will we be expected to pay a premium on our vehicle and other insurance policies every time we go there, as we were forced to do before we were in the EU?”.

Henrit goes on to say: “We musicians were simply too young and healthy prior to the EU, so never gave a thought to taking out insurance to cover our wellbeing. But what will happen to us now with the E111 card after we have been cast adrift from mainland Europe?”.

Henrit also talks about the trouble and hassle of crossing national borders. “Being musicians, we often ran late, and this trouble could take the form of prolonged interrogation and intense scrutiny of paperwork, to slow us up even more. Even though we were obliged to invest in a carnet in those days, if customs officers were feeling particularly malicious they would order us to unload our drums, amplifiers, guitars, Hammond organs and even stage suits, sometimes into the snow, as they ticked off the contents listed on that form. If they really did not like you they would dismantle the amplifiers or drums to bite-size pieces and leave you to put the equipment back together at your leisure. Oh how we laughed at their subtle sense of humour. The carnet was simply a list of the equipment you were

exporting out of the UK, including drumsticks, and everything needed to be imported back within a year or there would be trouble. Fines would be levied and lots of duty would be payable. The carnet wasn’t exactly free and worse still you couldn’t easily add to it if you broke any of your instruments while you were away. The Who’s road crew must have had a difficult time since, for a while, it seems the band’s *raison d’être* was breaking as much equipment as possible. Speaking of fiscal issues, in those halcyon days it was easily possible to be taxed in the country we were working in and then again on the now considerably depleted ‘net’ earnings once we got home”.

Robert Henrit summarised the situation by saying, “It was something of a nightmare before we joined the EU. It was bliss after we joined. And I have a sneaking suspicion it will be a much more expensive nightmare after we leave”. So will the Government please address the issue of freedom of movement for our artists and their equipment?

Another of Russ Ballard’s songs, the anthem “God Gave Rock and Roll to You”, contains the words:

“If you wanna be a singer or play guitar  
Man you’ve gotta sweat or you won’t get far”.

Somehow we need to get over to young people that the *raison d’être* for a musician is not making lots of money quickly, as Simon Cowell and his “The X Factor” friends would have us believe; it is about being in it for the long haul and enjoying it for as long as possible. Perhaps the Government could ask—and indeed remunerate—experienced musicians like Robert Henrit to go into schools and introduce youngsters to the real nuts and bolts of music.

5.37 pm

**Lord Griffiths of Burry Port (Lab):** My Lords, I am pleased to speak in this debate and, like others, I congratulate the noble Earl on bringing these matters to our attention, although not for the first time. I expect that during my time in your Lordships’ House I shall hear him bring them to our attention again.

In speaking at this moment it is not my intention to make the obvious points, as they have already been made. Of course the arts are important. Why do we have to say that? Of course they are underfunded. Why do we have to say that? Of course they are fragile at the moment. Space is difficult and so on, and we draw attention to that. Of course our museums need extra attention. I ran a museum until earlier this year, with two completely professional curators, 100 volunteers and a throughput of thousands and thousands of people per annum. I know what it is like to market. I know what it is like to change the exhibitions and attract new people or people who come a second time. So I do not want to state the obvious, because others who are far more qualified than I am have drawn attention to those facts.

We meet on a day when our news is dominated by two things that I heard about this morning. First, \$400 million has been paid for a painting by Leonardo, and, secondly, fewer and fewer young people are going to football matches because they have been priced out. I speak as an Arsenal fan, and of course that is top of the range. While young people feel that it is too expensive to go to matches, the players they are going

to watch, who get £200,000 per week, are pressing for half as much again. In a monetised economy where these aesthetic matters are quantified and measured in this way, we pitch our little debate into a context which we must not ignore.

A young Ghanaian boy with good A-levels who did not want to go to university was asked, “Why, Kevin, don’t you want to go to university?”. The answer came back, “Because you’re going to tell me that I can become a barrister, a journalist, an accountant or something like that, but it takes time to do that. We know of five ways on the street to make quick money: crime, drugs, music, fame or football”. That was 15 years ago; he is now a tennis coach, although he did cut one or two CDs.

We must remember the context in which we are arguing this case. Fifty years ago, Jennie Lee was appointed by Harold Wilson as the first Minister for the Arts. She and Aneurin Bevan, her husband, were both the children of miners. How I remember working men’s institutes, the annual opera put on in the little town I came from, and all the other things done out of voluntary effort and by people who had sensed, somewhere, something that they would like to have a go at themselves. Jennie Lee was on to that. Is it not fantastic that she and Aneurin Bevan were husband and wife, one looking after a system for the bodily well-being and the other a system for the spiritual well-being of the nation?

Jennie Lee published a White Paper, like the one I have been reading in preparation for this debate, but she was also instrumental with Harold Wilson in setting up the Open University. My angle of view in this debate is from the bottom up, because all my life has been spent on the streets and in communities. If I have any expertise, or at least experience, that is where it is. However, I was a trustee for many years of Art and Christianity Enquiry, which I think we might know something about, and was involved in commissioning quite a number of works of art—and, with a Roman Catholic priest friend, several more. I could dilate on those; I see that your Lordships are a captive audience and I am very tempted. For all that, it is not in that area that I wish to make my point.

I must declare my interest. I am the chair of trustees of two secondary schools that come under the aegis of the Central Foundation Schools of London: a girls’ school in Tower Hamlets and a boys’ school in Islington. One of them specialises in drama and the other specialises in music. I have seen the boys’ school head teacher, because of the relationships that he has fostered at the Wellcome foundation at the Barbican, get his boys to exhibit their work in those prestigious places. Once a child has exhibited his efforts, he gets an idea of what the thing is all about. Similarly, I can never forget watching the girls at the Shaw Theatre on the Euston Road. Eighty-five per cent of the girls at our school are Muslim and wear the hijab. Of all the plays they might have done, they chose “Macbeth”—just imagine a macho play like that with Muslim girls. Their mothers were in the audience alongside me, whooping with joy when they saw their daughters coming on either as witches or as tyrants. It was most instructive.

We can do that because, as beneficiaries of the Dulwich Estate—we do not get as much as the big Dulwich schools, let me tell you; if I were a true

subversive, I would want to do something about that—we have money that we can disburse to the two schools to help them foster their small group. We have just bought 10 pianos to help people learn to play, to form small groups and to help with the choral music and the rest of it. If you had seen our two schools at the Mansion House celebrating their 150th anniversary just last year, you would realise that you can tap into the energies and imagination of young people, and that is the prime task. It is important that this debate must relate to that. Of course we must have our institutions; of course we must take our kids to museums, artistic experiences, exhibitions, concerts and all the rest of it, because only when things happen like that can they relate what they are doing to a bigger and wider horizon.

I have been rather personal in this little speech of mine. Let me end personally too. I have a little grandson who is eight—or he will be in March, although he thinks he is now. I take him for a walk and he says to me, very simply, “Grandpa, you know I’m a chatterbox, but I’m going to be quiet for a minute or two and I don’t want you to be worried”. “Oh, Thomas, why?” “Well, you see, Grandpa, it’s like this. My head just at the moment is bursting with imagination”. We must have an educational system that is not merely utilitarian and functional. It is not only about measuring results through league tables and all the rest; it is about firing the imagination by helping a child to see the wider world.

This is my final remark. I used to live across the road from the grave of William Blake. I want all children to be able, as he put it, to see the universe in a wild flower, heaven in a grain of sand and eternity in a single hour, and to hold infinity in the palm of the hand. That is the challenge and our grand schemes must be seen to be organically related to the fundamental task of opening the minds of children and young people.

5.45 pm

**Baroness Chisholm of Owlpen (Con):** I thank the noble Earl for initiating this debate. He has been a champion of the arts for many years and we enjoy listening to his expertise and wisdom in this area. The arts, including music, drama, dance and the visual arts, make a huge contribution to our national life. I should like to assure the noble Earl, Lord Clancarty, and other noble Lords who have spoken that through their investment in the Arts Council, tax reliefs and capital investments, the Government are committed to supporting the continued development of this country’s arts and culture.

The 2015 spending review committed to continued Arts Council funding at its current level until 2020. Between 2015 and 2018, the Arts Council will invest £1.1 billion of public money from government in the arts as well as an estimated £700 million of lottery funding. Leading on from that, as the noble Viscount, Lord Eccles, mentioned in his speech about rural museums, the Mendoza review, an independent review of museums in England, gives the key priorities for the sector and commits an action plan to be published by September 2018, setting out how DCMS, Arts Council England and the Heritage Lottery Fund will work together more strategically to use public funding more effectively to address problems. Of course, I am more than happy to meet the noble Viscount to talk further on these subjects.

[BARONESS CHISHOLM OF OWLPEN]

An additional £170 million will be invested outside London from April 2018. The Government believe that local authorities are best placed to decide how to prioritise their spending. Many local authorities continue to invest in arts and culture. The Government have incentivised local authorities to support culture through programmes such as the Great Place Scheme. By investing in arts and culture, we are supporting our communities and our creativity, as well as our economy. This was clearly demonstrated in the recent report published by the Centre for Economics and Business Research, which found that, in 2015, the arts and culture industry grew by 10% and contributed £8.5 billion to the UK economy.

The performing arts are also a key part of the creative industry, and as part of the Government's industrial strategy, we are working with the Creative Industries Council as it creates a creative industries sector deal. We strongly welcome interest in the great work of the council. However, all final decisions on membership are rightly made by the industry to ensure that it stays representative.

The Government are committed to supporting a wide range of art forms, including music, drama, dance and the visual arts. Orchestras and large musical groups are supported by orchestra tax relief, which commenced last year, as well as regular Arts Council funding. The Government's theatre tax relief continues to be embraced by the sector and, in 2016-17, some £46 million was paid out to 1,570 productions. The Arts Council invests in theatre companies across the country, including the award-winning Sheffield Theatres among many others. It also invested £69 million in 2016-17 to support dance. The Government have provided £5 million to support the creation of a new dance hub in Birmingham.

The noble Lord, Lord Wasserman, talked about dance education. In 2012, the Government and the Arts Council jointly created the National Youth Dance Company. It provides talented performers aged 16 to 19 with intensive training and performance opportunities led by world-leading choreographers. Over 80% of its former dancers have gone on to further dance studies, vocational training or professional work. In the summer of 2016, the company held 18 experience workshops and young people could engage with and audition for the NYDC.

Arts Council national portfolio organisations reached nearly 600,000 young people in 2015-16 through its outreach work, and the 2018-22 portfolio includes a strengthened offer for children and young people. In addition, the Creative Case for Diversity invests in programmes across the sector and holds to account the organisations that it invests in.

Both the noble Earl, Lord Clancarty, and the noble Lord, Lord Freyberg, raised concerns regarding visual arts. As has been said, it is important that there are studios and facilities that allow our artists to develop and create new work. The Arts Council continues to support visual and combined arts organisations, including the AA2A Ltd and East Street Arts, which play a proactive role in supporting artist-led spaces. The noble Earl, Lord Clancarty, and the noble Lord, Lord Freyberg, referred to buildings, and the Arts Council's

capacity funding supports resilience in the sector so that artists can have the right buildings and equipment to deliver their work. At the moment, the Government are exploring a range of issues with industry and planning to make it easier for spaces to operate.

Attendances of visual arts organisations in the Arts Council's national portfolio have increased from 15 million in 2007 to 35 million, demonstrating a growing appetite for this art form. Of course, ensuring suitable remuneration and conditions for artists is a vital part of developing and showcasing great British talent. The noble Earl, Lord Clancarty, talked about income. As far as wages are concerned, Arts Council England's policy is that individuals classed as workers must, in accordance with the law, be paid at least the full national minimum wage for their age range. In its guidance for organisations applying to the national portfolio and grants for the arts, ACE makes clear its position on paying artists, interns and other workers fairly.

Education was mentioned by several noble Lords. Art and design and music are compulsory national curriculum subjects for five to 14 year-olds in maintained schools and, between 2012 and 2017, the Government have invested more than £580 million in a range of music and cultural education programmes. Pupils at state schools enter on average nine GCSEs, and taking the EBacc will mean taking seven GCSEs, which means that there will continue to be room for other subjects. However, this is a very important area and as the noble Lord, Lord Griffiths, said so eloquently, it is among this age group that we have enormous enthusiasm for it. It is essential that we tap in to this enthusiasm of the young. The Government continue to support music education hubs and cultural education programmes that are designed to improve access to the arts for all children, regardless of their background, and to develop talent across the country.

Many noble Lords mentioned Brexit and the worries that they have on this subject. On Brexit, DCMS will continue to work closely with all of its sectors to ensure that they have a voice as the country now prepares to leave the EU. To this end, the Secretary of State has held two round tables with leading art sector stakeholders to discuss Brexit. She will continue having these round tables, to ensure that the arts are considered when it comes to Brexit.

The noble Earl, Lord Clancarty, referred to the digital arts. The Government have demonstrated their clear support for the use of digital within the arts through the digital cultural project, which is currently under way and bringing the worlds of the arts and technology closer together.

I thank all those who have contributed to the debate. Arts and culture remind us of where we have come from and where we are going. They bring incredible stories to life, help us to step into someone else's shoes and see the world through someone else's eyes. Innovative, challenging and exciting arts and culture improves people's lives, strengthens local communities, brings people together, benefits our economy and helps support local tourism. This country is a world leader in culture. It intends to stay that way and the Government are committed to supporting it.

*Committee adjourned at 5.55 pm.*