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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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

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House of Lords

Thursday 30 November 2017

11 am

Prayers—read by the Lord Bishop of Worcester.

HIV: Global Response and Young People Question

11.06 am

Asked by **Lord Collins of Highbury**

To ask Her Majesty's Government how they will support young people as partners, leaders, and advocates within the global response to HIV.

The Minister of State, Department for International Development (Lord Bates) (Con): My Lords, ending AIDS as a public health threat by 2030 is a UK priority. We are the second-largest international funder of HIV prevention, treatment and care. Much progress has been made, but AIDS remains a leading killer of adolescents globally. To change this, we must work together with young people to help them take informed choices to protect themselves from infection.

Lord Collins of Highbury (Lab): My Lords, I welcome the Government's commitment, but one thing that concerns me is that no mention is made of HIV in DfID's youth agenda, which was published in 2015 and promotes youth as being the agents for change in the heart of development. HIV affects young people disproportionately. Does the Minister accept that, by including it in the agenda and recognising HIV as a youth issue, young people could be supported to lead HIV programming and to be effective advocates in stopping the spread of HIV? One thing that DfID could do would be to include a young delegate in the delegation to the international AIDS conference in Amsterdam next July, but certainly prioritising it among young people is key.

Lord Bates: That seems a very good suggestion. I am happy to take it away and look at the possibility of sending a young delegate to the AIDS conference next year. I think that we could do more in this area. Above the youth strategy, we have the HIV/AIDS strategy, which cuts across all these issues. The noble Lord is absolutely right to remind us about the effects of AIDS. It is the biggest killer of young girls in sub-Saharan Africa and 80% of all new infections among adolescents occur in young girls. Education, the involvement of peer groups, overcoming stigma and making sure that people have access to the right sexual and reproductive health advice are all very important, and I am very happy to take away the noble Lord's suggestion and look at it again.

Baroness Sheehan (LD): My Lords, the latest figures from the WHO show an increase in new infections in Europe. In Africa, the number of new infections is declining far too slowly. Does the Minister agree that prevention is better than cure and that investment in vaccines and other prevention tools must continue?

Lord Bates: As the noble Baroness will know, we are the second-largest contributor to the Global Fund, with a commitment of £1.1 billion. She is also absolutely right to say that the fastest growth areas in terms of new infections are eastern Europe and central Asia. Following a significant decline in infection rates in the early part of this century, we have found that those rates have plateaued out, with around 2 million new infections last year. That is way too high and is way short of the objectives that we all signed up to in SDG 3, which includes achieving the eradication of AIDS as a public health threat by 2030.

The Earl of Sandwich (CB): My Lords, I know the Minister has been in Africa quite recently. Can he say which countries are most successful in reducing the infection rate? Is Uganda still in that position?

Lord Bates: Of the 15 countries which are at the highest risk, it is correct that 10 are in sub-Saharan Africa. Regarding those which have been most effective, there has been a combination of two things. First, there is a need to remove the stigma: in far too many countries, same-sex relationships are criminalised; there is a stigma attached to talking openly about sexual relations; and therefore, particularly among young people, that is not conducive to reducing infection levels. Secondly, there is the question of healthcare systems. We are working with many countries in sub-Saharan Africa to address those issues.

Lord Roberts of Llandudno (LD): My Lords, what action is taken with immigrants to the UK, including refugees and asylum seekers, to make them aware of the facilities available and that they are able to access them just like anyone else?

Lord Bates: My Lords, I am sure that is happening as a matter of course through our health service, which has been pioneering responses to and treatments of this epidemic throughout the world. I am sure that will continue and impact other people as well. At the same time, we are also working with organisations such as the Robert Carr civil society Networks Fund to get non-government organisations better joined up and advocating to reduce the threat and tackle the epidemic.

Lord Foulkes of Cumnock (Lab): My Lords, will the Minister pay a visit to Scotland and discuss with the Scottish Executive—the Scottish Government—the Scottish Parliament, voluntary organisations in Scotland and his own staff at East Kilbride, where about 40% of DfID's staff are based, what they can do to help fight AIDS, both at home and abroad? That would be particularly appropriate because, as well as World AIDS day, this is also St Andrew's Day.

Lord Bates: The noble Lord provides me with an opportunity to pay tribute to our staff in East Kilbride on St Andrew's Day for the incredible work they do in tackling poverty around the world from there. I am happy to visit East Kilbride, as I do often, and have discussions to explore opportunities to reduce this epidemic.

Lord Skelmersdale (Con): My Lords, my noble friend will not be aware but a couple of years ago I went to Lusaka and visited a male prison where AIDS was in an incremental state. Does he accept that overcrowding in prisons is one of the causes, and one of the solutions, to reducing AIDS among men?

Lord Bates: By making sure that people are educated and aware, there are many ways in which infection can be prevented—and prevention is far better than cure in virtually every circumstance. We are looking for opportunities to provide better education and sexual and reproductive advice to inmates as well as the wider population.

Lord Bruce of Bennachie (LD): My Lords, DfID should be congratulated on the work it has done with marginal groups. Does the Minister acknowledge that in too many countries, because drug abuse, sex between men and sex trafficking are criminal, many Governments refuse to engage with those sectors, and yet they are the drivers of AIDS? Will DfID keep up its good work in that sector?

Lord Bates: There are 72 countries around the world which criminalise same-sex relationships, eight of which have the death penalty. Therefore, having an open conversation about how to address these issues is very difficult in those circumstances. Sadly, 36 of those countries are also members of the Commonwealth. The Prime Minister has said that we will be taking the opportunity at the Commonwealth Heads of Government Meeting to raise those issues in that summit to ensure that there is change.

HIV Prevention Services: Public Health Funding Question

11.14 am

Asked by **Lord Cashman**

To ask Her Majesty's Government how reductions to the public health grant since 2015-16 have affected access to sexual health services and HIV prevention services, particularly in London, for (1) men who have sex with men, and (2) people from black and minority ethnic groups.

Lord Cashman (Lab): My Lords, I beg leave to ask the Question standing in my name on the Order Paper and refer to my entry in the register of interests, particularly as patron of the Terrence Higgins Trust.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, the UK is one of the first countries to witness a substantive decline in new HIV diagnoses in gay and bisexual men. Between 2015 and 2016, new HIV diagnosis fell by 21% across the UK and by 29% in London due to reduced transmission of HIV. New diagnosis in heterosexual black, Asian and minority-ethnic groups fell by 16%, mostly due to changing migration patterns.

Lord Cashman: My Lords, I thank the Minister for that response. Great progress has been made and I pay tribute to all those concerned, but there is concern at

the cuts seen in HIV support services and sexual health services across the United Kingdom, not least in the two areas with the highest prevalence of HIV, Lambeth and Southwark, through to Oxfordshire, Portsmouth and Bexley. How are the Government working with local authorities in England to ensure that such services are fully funded and meet the needs of local communities at risk of HIV? Furthermore, what steps are they taking to ensure that people living with HIV have access to support services that fully meet their needs?

Lord O'Shaughnessy: First, I pay tribute to the work of the Terrence Higgins Trust and its leadership in this area in making progress in the UK in dealing with the HIV/AIDS epidemic. The delivery of open access to sexual health services is mandated for all local authorities, which are funded to do so by the public health grant. It is incredibly important to point out that over the last four years there has been a 500,000 increase in the number of attendances at sexual health clinics, and more testing and treatment is taking place. That is starting to show in the reduced number of diagnoses, as well as in other factors. It should also be pointed out that as regards looking after those suffering from the consequences of HIV/AIDS, the Care Act 2014 is extremely clear that the legal framework for social care applies to adults, including those who live with HIV.

Baroness Jolly (LD): My Lords, very large populations of gay men live in metropolitan areas such as London and Manchester, but my question is about the far-flung corners of the country: the north-east, the north-west and the south-west. Can the Government be confident that young men are able to access services and have PrEP available in those sorts of areas?

Lord O'Shaughnessy: The noble Baroness is quite right to point out the difference. If you look at the performance in London against the UNAIDS 90-90-90 targets, you will see that they have been met. However, England as a whole is at least slightly behind on at least one of those factors—people with HIV not being diagnosed—which points to the fact that out of metropolitan areas there is more work to do, as she says. One of the ways in which local authorities meet that challenge is through offering home testing kits, which are being sent out and which are now seeing the kind of return and diagnoses levels that you would see in sexual health clinics.

Baroness Masham of Ilton (CB): My Lords, is it correct that six clinics have closed in London recently? Is he aware that other infections, such as gonorrhoea, have become drug-resistant? Many people from ethnic minorities need to know where to go, and communication is so important.

Lord O'Shaughnessy: I did not know about the closures that the noble Baroness mentioned. I reiterate that more tests are taking place. Indeed there has been a substantial decrease in the amount of new diagnoses, which is good news because it means that transmission is falling. We want to focus on the outcomes here, which are positive, particularly in London. She is of

course quite right about other STIs being important. There is good news there as well, because diagnosis is falling, so some of the public health plans being put into place are starting to pay dividends.

Baroness Thornton (Lab): My Lords, following on from the question from the noble Baroness, who is quite right, the facts are that there was a 28% decrease in HIV support services between 2015 and 2017, and in London that is 35%. Combine that with the local government public health cuts of £200 million this year and the wider impact that will have on all sexual health services. Does the Minister agree that the long-term implications of this reduction in services could have serious implications for both individuals—some of whom, perhaps, have not been diagnosed with HIV—and specific vulnerable communities? Can he commit to bring to the House an assessment of the impact of these reductions in services and expenditure?

Lord O'Shaughnessy: The data that the noble Baroness refers to on spending also shows that STI testing and treatment in general has risen year on year. There is clearly still an improvement of the picture in the amount of testing and treatment. As I pointed out, the benefit of that is that fewer people are being diagnosed, which means transmission levels are falling due not just to testing but to other factors, including good treatment and preventive work. Indeed, the number of undiagnosed people is falling as well. This is all good news.

Baroness Hussein-Ece (LD): My Lords, despite HIV testing being free and universally available across the United Kingdom, there are very good estimates that around 13,500 people are not aware that they are carriers and have HIV. I note what the Minister just said, but surely that figure is still unacceptable and there needs to be more testing, particularly of people living on the fringes of society or those who are not registered with a GP and do not come into contact with health services. There need to be some targeted efforts to reach those people to ensure that once they are tested they receive treatment.

Lord O'Shaughnessy: I quite agree with the noble Baroness. As I said, across England about 12% or 13% of gay and bisexual men and other men who have sex with men are undiagnosed. That is clearly unacceptable and means we are still not yet meeting the UNAIDS target. I will point out a couple of the interventions happening to try to address that in addition to the ones that I have already mentioned. A new contract has been awarded by Public Health England to the national HIV prevention programme for the most at-risk populations precisely to try to reach them. Another £600,000 is being given to 12 schemes under the HIV innovation fund. By definition, the people we need to reach next are the most difficult to reach because they have not come into the system.

Lord Patel (CB): My Lords, as PrEP is clearly scientifically assessed through meta-analysis to be the most effective treatment for reducing incidence of HIV for the at-risk population, will the Minister say how widely this treatment is available for the at-risk population through the NHS?

Lord O'Shaughnessy: Yes, I am happy to do so. PrEP will be provided by the NHS through an initial three-year trial to an estimated 10,000 people, which makes it the largest single study of its type in the world. That is happening in a handful of cities throughout England. Once we know the results of that study we will be able to understand how best to roll it out beyond that.

Health and Social Care: Falls Prevention *Question*

11.22 am

Asked by Lord Jordan

To ask Her Majesty's Government what assessment they have made of the value of every local authority adopting a strategic approach to falls prevention in the context of easing the burden on the health and social care systems.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, in July 2016 Public Health England established the national falls prevention co-ordination group. It has recommended that local authorities and clinical commissioning groups agree a falls and fracture prevention strategy and identify a commissioning lead with a remit for falls, bone health, multi-morbidity and frailty.

Lord Jordan (Lab): My Lords, I thank the Minister for his reply and declare an interest as vice-president of RoSPA. Will he acknowledge that injuries and deaths resulting from falls have reached alarming levels, especially among the elderly? There are more than a quarter of a million emergency hospital admissions in England every year as a result of falls by people aged over 65. More than 70,000 of these are hip fractures, which are the leading cause of accident-related deaths of older people in the UK each year. The annual cost of hip fractures alone, including medical and social care, is estimated to be more than £2 billion. Will the Government commit to easing this huge burden on health and social care services by supporting and funding local authorities for falls prevention work?

Lord O'Shaughnessy: The noble Lord is quite right to highlight this important issue. The statistics are quite alarming, as he has pointed out. Every year, about one in three over 65 year-olds will experience a fall, and that rises to one in two for those aged over 80. This is a very significant problem with a very obvious human cost, as well as the economic cost that he described. The main area we need to work on is obviously prevention. I point him to the increased funding going into the disabled facilities grant, which has doubled over the last few years and is continuing to grow. That is about preventing falls in the home, which is where most falls take place. The consequences of doing that are huge. It means fewer hospital admissions, people can stay in their homes for longer, and reduced harm to patients.

Lord Howarth of Newport (Lab): My Lords, is the noble Lord aware, as I am sure are many noble Lords who are of more advanced years than the Minister, of the benefits of dance for the health of older people?

[LORD HOWARTH OF NEWPORT]

Is he aware that 85% of people who participate in Dancing in Time, a falls-prevention programme in Leeds, completed the course, compared to some 40% who complete standard NHS falls-prevention courses, and that evidence shows that dancing, even for just an hour a week for six months, brings measurable benefits to the cognitive and motor functions of healthy older people? Will the Government encourage health and well-being boards to consider the merits of prescribing dance and, indeed, other artistic activities?

Lord O'Shaughnessy: I will happily do so. Dance is very popular in my household, with "Strictly Come Dancing" on the television at the moment. Debbie McGee might not be quite over 65 but she is a great advert for older people dancing. I absolutely support what the noble Lord says. I have seen the evidence on the impact that was published as part of the APPG's work on this; it is very convincing and we will certainly let health and well-being boards know that this is exactly the kind of thing—social prescribing, if you like—that they should be looking at to prevent falls.

Baroness Brinton (LD): My Lords, the Royal College of Physicians estimates that between one-quarter and one-third of falls could be prevented through assessment and intervention. NHS Improvement ran 19 projects with volunteer trusts. There is not much evidence of those pilots working closely with local authorities, which is the nature of the Question of the noble Lord, Lord Jordan. What were the results of the pilots that started in January? One of the key findings of NHS Improvement was that two-thirds of trusts were still using outdated predictor equipment which NICE has recommended against. Can the noble Lord let me know, either now or later, whether he can confirm that those predictor instruments that NICE is now saying should not be used have been withdrawn, particularly from hospitals and general practice?

Lord O'Shaughnessy: I do not have the specific details that the noble Baroness has asked for; I will write to her. The figures are not good; there are still around a quarter of a million falls in hospitals and mental health trusts each year, which is equivalent to the emergency admissions, so it is still a significant problem. NHS Improvement is working with the poorest-performing trusts and is reporting that those interventions have seen improvements, but we clearly need to phase out some of the poor practice that exists in order to reach higher standards.

Baroness Altmann (Con): My Lords, does my noble friend accept that the social care system is in crisis? As council budgets are squeezed and the number of elderly people keeps rising, councils have had to withdraw preventive spending on such things as handrails, home adaptations and meals on wheels. This may save money in the short term—the focus on those with extreme need is understandable—but will my noble friend please relay concerns from these Benches back to the department that there has been insufficient urgency in adopting a long-term, strategic approach and introducing meaningful reforms rather than a sticking plaster on this ever-growing problem, which will result in more frail, elderly people costing more money to the NHS?

Lord O'Shaughnessy: I accept that there is a challenge that we have to meet in social care: it is the reason that the Government are committed to a social care Green Paper next summer to provide long-lasting reform. In the meantime, I hope that my noble friend will recognise that another £2 billion was announced in the previous Budget to go into social care over the next three years in order to move people out of inappropriate hospital stays and into their homes. That is backed up, as I pointed out, by a doubling of the disabled facilities grant year on year, precisely to provide the kind of interventions that have a huge pay-off for the public sector. Something like £1 spent on the disabled facilities grant saves £4 in the wider public sector, so this is very important work.

Lord Turnberg (Lab): My Lords, one of the main causes of fracture of the hip in someone who falls is osteoporosis, which is both preventable and treatable. Will the Minister consider starting a screening programme for at-risk groups?

Lord O'Shaughnessy: That is a very interesting idea. I will write to the noble Lord. Of course, since this summer general practices are now obliged to carry out screening of over-65s specifically to look at frailty, looking at those with mild, moderate and severe frailty, and that may already include osteoporosis. But I will write to him with the specific details.

Brexit: Cultural and Educational Programmes

Question

11.30 am

Asked by *The Earl of Clancarty*

To ask Her Majesty's Government what discussions they are having with the European Commission about its decision to exclude the United Kingdom from future participation in the European Capitals of Culture programme, and about the United Kingdom's future participation in other European Union cultural and educational programmes, including Erasmus+.

Baroness Chisholm of Owlpen (Con): My Lords, we strongly disagree with the European Commission's stance on the UK's future participation in the European Capitals of Culture programme. We are deeply disappointed that it has waited until after UK cities have submitted their final bids before communicating the new position to us. We note that others with an interest in the programme, including cities due to host the title and member states, share the UK's view and have expressed their solidarity.

The Earl of Clancarty (CB): My Lords, the European Commission is very clear about the ground rules for eligibility for these programmes: applying to join the single market or membership of it. Does the Minister not agree that it would be a great shame if we lost the European Capitals of Culture scheme, which has been such a huge boost to Glasgow and Liverpool? It would be a betrayal of our young people if they lost

the opportunity to study in Europe—a high price to pay if this happened because our country did not consider staying part of the single market.

Baroness Chisholm of Owlpen: Clearly it would be a disappointment but with regard to students, which the noble Earl mentioned, the Government have stated publicly that the UK is committed to continuing full participation in the Erasmus+ programme until we leave the EU. We will underwrite successful bids for Erasmus+ that are submitted while the UK is still a member state, even if they are not approved until after we leave. We will continue beyond the point of exit in the event that we do not participate in Erasmus+ after exit. Arrangements will be made to administer the underwrite.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend not think that this was an extremely spiteful act on the part of the Commission and that the Commission cannot have it both ways? It cannot argue that Britain should continue to make payments to programmes to which we have made a commitment prior to leaving the European Union and at the same time withdraw the opportunity for people to participate in these programmes. Will my noble friend point out to the noble Earl that the Erasmus programme includes countries that are not members of the European Union?

Baroness Chisholm of Owlpen: My noble friend's last point is absolutely right. We are disappointed by the Commission's reaction and are making strong representations to it that it should change its mind. The decision and its timing have been widely condemned. There has been a huge wave of solidarity with the five cities from across Europe. The judging panel published a statement expressing its appreciation and enthusiasm for the work of the five cities and emphasising the importance of cultural exchange and joint projects between member states for, "the mutual benefit of all citizens".

Lord Morgan (Lab): My Lords, I am afraid that the Minister does not appear to appreciate what a tragedy this is for higher education in this country. Erasmus was absolutely central to my own experience when I was a vice-chancellor for several years in the 1990s. It is central to the links that are being created—still—between British and continental universities. I was able to create one myself last month between the University of Wales and universities in France. Erasmus is pivotal to the staff links, the research links and the wider links that we have succeeded in developing. Is this not an example of cultural impoverishment as a result of economic impoverishment in the creation of the Brexit disaster?

Baroness Chisholm of Owlpen: Of course, nothing is decided until everything is decided. As I said, however, the underwrite will cover funding for those successful bids that are submitted before exit. We are encouraging participants to continue to apply for funding after we leave. In the event that we do not participate in Erasmus+ after exit, arrangements will be made to administer the underwrite and support students and other university people to undertake their study years abroad.

Lord Foster of Bath (LD): My Lords, UK-led bids for funding projects from Creative Europe have been increasingly successful. Many of them are cross-country projects such as OperaVision, which involves 30 theatres in 19 different countries. As the Minister has already said, the Government have agreed to underwrite the funding of those projects post Brexit, but will they also guarantee the freedom of movement of non-British people involved in such projects, regardless of salary or qualifications, to ensure that the real benefits to the cultural and creative industries of such projects will continue?

Baroness Chisholm of Owlpen: The UK will certainly continue to have world-class arts and the DDCMS is working closely with the Home Office and the independent Migration Advisory Committee to ensure that the needs of the arts and cultural sectors are understood. In recognition of the critical importance to the sector of access to world-class talent, the Government recently doubled the number of tier 1 exceptional talent visas available for a number of key sectors, including the creative and cultural sector.

Lord Howell of Guildford (Con): My Lords, are we not confusing the European Union with Europe?

Baroness Chisholm of Owlpen: Absolutely—my noble friend makes such a good point: we may be leaving the European Union but we are not leaving Europe. It is also important to remember that as far as our cultural sector is concerned, we are held in high esteem in Europe. We lead this sector and the European stakeholders have certainly indicated that they do not want to lose this partnership.

Business of the House

Timing of Debates

11.37 am

Moved by **Baroness Evans of Bowes Park**

That the debates on the motions in the names of Lord Clark of Windermere and Lord Liddle set down for today shall each be limited to 2½ hours.

Motion agreed.

Online Hate Speech

Statement

11.37 am

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer delivered in the other place by my right honourable friend the Home Secretary. The Statement is as follows:

"Britain First is an extremist organisation which seeks to divide communities through its use of hateful narratives which spread lies and stoke tensions. The deputy leader of Britain First is subject to a pending criminal trial, accused of religiously aggravated harassment over the alleged distribution of leaflets and the posting of online material. British people overwhelmingly reject the prejudiced rhetoric of the far right, which is the

[BARONESS WILLIAMS OF TRAFFORD] antithesis of the values that this country represents—decency, tolerance and respect. We will stand with them in doing so. That is why we launched our counter-extremism strategy in 2015 and why we launched the hate crime action plan just last year.

This House should be clear that this Government will not tolerate any groups which spread hate by demonising those of other faiths or ethnicities, and which deliberately raise community fears and tensions. We have also been clear that President Donald Trump was wrong to retweet videos posted by the far-right group Britain First. But when we look at the wider picture of the relationship between the UK and America, then I know how valuable the friendship is between our two nations. As the Home Secretary, I can tell the House that the relationship between our countries—the unparalleled sharing of intelligence between our countries—is of vital importance. It has undoubtedly saved British lives. That is the bigger picture here and I urge people to remember that”.

11.39 am

Lord Kennedy of Southwark (Lab Co-op): My Lords, first, the Prime Minister was absolutely right to make it clear that President Trump was wrong to tweet videos from the extremist group Britain First. Such actions are no help in the fight against terrorism.

Secondly, does the Minister agree that the United Kingdom always has and always will fight terrorism wherever it comes from, with our police, security services and military keeping us safe 24 hours a day, and that people of faith—whatever that faith may be—and people of no faith coming together in communities, respecting each other, celebrating our differences and learning from each other, is equally important in fighting terrorism and the spreaders of hate? Will she and her colleagues in government look again at what they can do to remove these vile sites, such as that of Britain First, from the web?

Baroness Williams of Trafford: I completely agree with the noble Lord. We will always fight terrorism, and we will fight it together in whatever form it takes. We should remember that our different communities and different faiths played a part in both the wars that we have fought together. As a society, we will not tolerate any divisions that seek to penetrate our communities. On the noble Lord’s point about going further to tackle activities on Twitter and other social media sites, Twitter now takes down 95% of illegal activity, but on the point about us working together as two nations, it is because of the US that we were able to talk to the CSPs about taking down such content from Twitter and other platforms, and we will continue to do that. We now have the online hate crime hub, Tell MAMA, which allows people to report Islamophobia, and the Community Security Trust as a repository for people to report anti-Semitism and related activity. We are absolutely determined to drive out all forms of hatred within our country, and this country should be rightly proud of the tolerance and respect that it has for other faiths and other communities.

Lord Paddick (LD): My Lords, in his tweet criticising our Prime Minister, President Trump talked about “radical Islamic terrorism”. Does the Minister agree that there is a difference between Islam, a religion, and Islamism, a violent political ideology that seeks to overthrow democratically elected Governments and liberal values, and that the expression “Islamic terrorism” is both a contradiction in terms and deeply unhelpful? We must clearly differentiate between violent criminals and the followers of a religion.

Baroness Williams of Trafford: The noble Lord is absolutely right to make that distinction between Islam and Islamist extremism. I make the point that the overwhelming majority of Muslims in this country are law-abiding, peaceful people who abhor Islamist extremism. The Prime Minister has always been clear that where these ideologies exist, they must be tackled head on. That is precisely what the UK Government are doing at home and in co-operation with our international partners. For example, I previously mentioned the co-operation to remove terrorist content from websites. The noble Lord is absolutely right to point out the distinction. We must all see what has happened for what it is.

The Lord Bishop of Worcester: Further to the last point made by the noble Lord, does the Minister agree that in addition to abhorring violence, the vast majority of Muslims in this country make an immeasurable contribution to the life of this country, for which we should be profoundly grateful and which needs to be expressed by this House?

Baroness Williams of Trafford: I am delighted to express on behalf of this House, as I am sure noble Lords agree, that not only do Muslims abhor violence—it is part of the teaching of the Koran—but they helped us in wars that we have fought. I have first-hand experience of how they helped in the aftermath of some awful events in this country, not only the terrorist attack in Manchester, when Muslim taxi drivers were on hand giving their service for free, but after the floods in Manchester when the Muslim community helped to provide food and shelter to people who were in need. It brought communities together, and we should remember that.

Lord Cormack (Con): My Lords, could we gently suggest to the President of our greatest ally that if he would make the White House a tweet and Twitter-free zone, he would make an immeasurable contribution to the peace of the world?

Baroness Williams of Trafford: I recall the words of the former Prime Minister about “too many tweets”. I shall not repeat what he said but, yes, we must all be careful about what we tweet and the effect that it can have on the wider community. We should tweet with care.

Lord Blair of Boughton (CB): What consideration is being given by the Home Office to the proscription of this organisation?

Baroness Williams of Trafford: I am sure the noble Lord will appreciate that I would not comment on ongoing considerations of proscriptions. But they are kept under regular review.

Lord Hain (Lab): My Lords, can we assume that President Trump tweets only messages he has thought carefully about and agrees with? If so, he has endorsed a Nazi group with a vicious record of attacks, racism, Islamophobia and anti-Semitism. Surely there can be no question of a state visit until he has expressed at least some remorse about this.

Baroness Williams of Trafford: My Lords, I would not want to make any assumption about how people think when they tweet. As for the state visit, the invitation has been extended and accepted, but a firm timetable has not yet been finalised.

Lord Pearson of Rannoch (UKIP): My Lords, do the Government agree with what the most reverend Primate the Archbishop of Canterbury said in Paris last September to the effect that it is wrong to pretend that Daesh has nothing to do with Islam and that we will not defeat Islamism until we understand Islam? What are the Government doing to further that understanding?

Baroness Williams of Trafford: My Lords, it is absolutely correct that Daesh has nothing to do with Islam. Daesh seeks to promote its ideology as a form of Islam, but actually it is nothing to do with Islam, which is a peaceful religion.

Viscount Waverley (CB): My Lords, has not the time now come when we should welcome an imam to our House?

Baroness Williams of Trafford: It would be a great moment if we did.

Baroness Altmann (Con): My Lords, could my noble friend pass on congratulations to the Prime Minister on her immediate and robust response to the hate-filled tweets that President Trump seems to have endorsed? Could she also pass on the pride I feel that our country and Government are so respectful of all religions, and of people of all faiths and of none, and that we are proud to live in a country that is so tolerant?

Baroness Williams of Trafford: I agree with my noble friend. The Prime Minister acted quickly and robustly. There could be no confusion about what she said and, yes, this country respects all religions and I am proud of the country that I live in.

Lord Scriven (LD): My Lords, the Minister said that the state visit has been offered and accepted. The noble Lord, Lord Bourne of Aberystwyth, the government Minister for Faith, less than 50 minutes ago said that he would be unable to welcome the President of the United States because of the tweets. With the Home Office being responsible for community cohesion, would she and other Ministers in the Home Office also be unable to welcome the President of the United States?

Baroness Williams of Trafford: My Lords, the point has been made both in the other place and here today that we must think about the relationship between the US and the UK as incredibly important. I described how the US was instrumental in the Home Secretary being able to visit the CSPs to encourage them to take down illegal material from Twitter. I reiterate the point that the invitation was extended and accepted.

NHS: Staff

Motion to Take Note

11.50 am

Moved by Lord Clark of Windermere

To move that this House takes note of the impact of Her Majesty's Government's fiscal policies on the recruitment, retention and conditions of NHS staff.

Lord Clark of Windermere (Lab): My Lords, I am looking forward to this debate. I think it will be an excellent debate, with a wide array of speakers representing a great deal of experience right across the health and care service.

We all know that the NHS is one of the living institutions of our country, loved, appreciated and needed by its people. In spite of the difficulties facing it, the service it provides is second to none as the British people seek medical attention and healthcare. Year after year, surveys show that it is regarded internationally as the most efficient organisation anywhere in delivering healthcare.

I shall be a little provocative in what I am saying at this moment. I know it causes some discomfort to some Members on the Benches opposite that a state institution employing 1.3 million people can compete successfully against private medicine. When I say that, I do not include the Minister because I know he is committed to the health service, but I believe there are people in the Conservative Party who find the NHS uncomfortable. It was interesting that the Secretary of State chanced his luck when he alleged recently that the NHS was actually invented by the Conservative Party—a case utterly rebutted by my noble friend Lord Pendry on 2 November in a letter to the *Guardian*, so I do not need to take that further.

I trust that when we on this side speak today, the Minister will understand the strength of opinion that the Government are slowly but surely allowing the NHS to deteriorate. Several years ago, when I began to question Health Ministers on the NHS, the situation was precarious. Now it is getting almost desperate. The bottom line is that the Government are not providing sufficient funds to meet the demands of an increasing and ageing—we must take those two facts together—population, and that no clever words can hide the fact that they are breaking their manifesto policy to increase spending on the NHS in real terms year on year. If you look at the anticipated spending, you can see that that will not be the case.

I mentioned 1.3 million employees. Those employees are proud to work not for the health service but in it. The service is at its most efficient only when it works as a team. Everyone is interdependent. I feel at times

[LORD CLARK OF WINDERMERE]

that the Government do not really appreciate that fact. If there is one thing lacking in our NHS, it is that it has no central workforce planning, and that is of real concern.

At the moment, almost all employees feel the same—demoralised and undervalued. They give their all, and more and more people are treated. But the staff feel that their treatment by the Government shows that they are not regarded highly enough. They feel that they are the individuals who suffer most from the Government's now out-of-date austerity programme. Wherever we look—whether at consultants, doctors, nurses, midwives, healthcare assistants, physiotherapists, radiotherapists, GPs, clerical staff, porters, ambulance drivers, dentists or the scores of other occupations in the health service—it is the same story. The Minister must know this because I know he talks to staff. They feel demoralised and undervalued. Yet, these are the very people who keep our NHS going. It is because of them that patients still get a good service. However, it is slowly getting worse again. We are finding, in spite of the best efforts of staff that waiting lists are growing month by month. Increasingly, deadlines for cancer treatment are being broken. In spite of the Government's bold declarations, the future for mental health services does not look as good as it should.

Following the Budget, I noticed that initially the press lauded the Chancellor for what he appeared to be giving the NHS. However, after examination of the small print, the general public, the press and those involved increasingly realise how short-changed they were by the Chancellor. They took on board Jeremy Corbyn's comment that the money, was "well short" of what is needed. Sir Bruce Keogh tweeted that the Budget,

"plugs some, but def not all, of NHS funding gap ... Worrying that longer waits seem likely/unavoidable".

Sir Malcolm Grant, chair of NHS England, said that the money,

"will go some way towards filling the widely accepted funding gap ... we can no longer avoid the difficult debate about what it is possible to deliver for patients with the money available".

NHS Providers stated that,

"tough choices will be needed and trade-offs will have to be made ... It is difficult to see how the NHS can deliver everything in",

the forthcoming year. I understand that just today the NHS England board is discussing what will happen—whether we will have rationing in health. This is against the background of the speech by Simon Stevens, chief executive of NHS England, who on 8 November said that an extra £4 billion was needed in 2018-19.

Yet only the Government seem to deny there is a problem. To pluck a number of key employees, we are short of 40,000 nurses. Recruitment from the European Union has all but dried up. Wages have been frozen at 1% since 2010, leading to a reduction in salary of 10.1% for nurses by this year. Unsurprisingly 70% of nurses reported feeling financially worse off, with 24% saying there were thinking of leaving their job because of money worries. The Government claim that there are 13,300 more nurses than in 2010 and 11,800 more doctors in hospitals. However, we have to question those figures. I do not dispute that they apply in hospitals but when looking at healthcare, we are

talking not only about primary care in hospitals but aftercare—the care service. I have letters from care providers saying that they have had to close down some of their institutions because they simply cannot recruit nurses. There are insufficient nurses in this country.

It is no better for doctors. The BMA found a 13% decrease in applications to medical schools since 2013. Last year, there were 7,660 medical students beginning their course, compared with nearly 8,000 in 2010. GP numbers are falling. Almost one-third of GP partners are unable to fill vacancies. Only 13% of partners report that they do not need to fill vacancies, and figures show an actual decrease in the number of doctors working mainly as GPs. The result is that patients are having to wait longer and longer to get an appointment, increasing the demand on A&E departments in our hospitals, which are already under great stress. There needs to be some joined-up thinking.

Even if we go to the top of the tree and look at consultants, we find what I can only describe as a dire situation. The NHS has a shortage of consultants and would-be consultants. During the past year, 1,542 consultant posts were advertised, but only 853 certificates of completion of training issued. Not surprisingly, 45% of the advertised posts were left unfilled. There simply were not the qualified candidates. Ninety-five per cent of doctors in training report that poor morale is having a negative impact on patient safety in their hospital, with half reporting a serious or extremely serious impact.

I do not really need to continue. Perhaps I could sum up this point by citing the president of the Royal College of Physicians, Professor Jane Dacre, who neatly summed it up in her response to the Budget. She said that it,

"felt like we had been given short-term sticking plasters rather than the long-term sustainable plan our patients need".

It is all very depressing. The Government take the view that it is really not their fault, but a lot of it is. I have to ask: why, when they came to office in 2010—with their coalition partners, but they were by far the leading partner—did they cut nurse training numbers by 22,000? It takes a long time to build up the shortfall that has been allowed. Why, at this critical moment when we do not know whether we have enough nurses or doctors—the Government say we have; I say we have not—why risk the numbers by abolishing the bursary scheme? It is a risk, and the Government know that there are fewer nurses going into training this year than in previous years. I do not have the precise figures but all the universities that I have contacted, with one exception, have found a considerable decrease. If there is no problem with nurses, why was it announced yesterday that we are to step up our recruitment of 5,500 more nurses from India?

I am being a bit critical of the Minister. I hope he will not take it personally but take this opportunity to write to me to correct the information. Last week, in a straightforward Question about agencies, I asked,

"what are the names and locations of the agencies registered to supply nurses to NHS trusts in England"?

It was a straightforward Question, but the Minister's reply can be described only as gobbledegook. He said:

“Agency rules require that agencies are on NHS Improvement-approved frameworks and these frameworks monitor and approve agencies for supply to trusts. The approved framework operators are Crown Commercial Service, NHS Collaborative Procurement Partnership and HealthTrust Europe”—

I think HealthTrust Europe is an American company. The Answer continues:

“In addition to agencies on approved frameworks, trusts in exceptional patient safety situations can utilise the ‘break glass clause’ and work with an off-framework agency. Using an off-framework agency should be a culmination of a robust escalation process sanctioned by the trust board. Trust boards have primary responsibility for monitoring the local impact of the agency rules and ensuring patient safety”.

I spent a lot of time trying to understand it, and I have understood a bit of it. I have also found out—the latest figure I could get for any particular week—that there are 50,000 applications to use the “break glass clause”. Are those 50,000 nurses from agencies included in the Government's figures?

Baroness Chisholm of Owlpen (Con): My Lords, may I quickly say that there has been a mistake over the timing? If everybody speaks for 13 minutes, we will go two minutes over time. If possible, will your Lordships stick to 12 minutes? When the clock says 12 minutes, will noble Lords please sit down?

12.06 pm

Baroness Walmsley (LD): My Lords, I thank the noble Lord, Lord Clark of Windermere, for bringing forward the debate today. It is high time that we debated the fiscal issues in relation to health.

Although it is always nice to see the noble Lord, Lord O'Shaughnessy, answering a debate, I fear he is the wrong Minister for this one. Indeed, I think there should be a whole row of Ministers sitting on the Government Front Bench today, led by a Minister from the Treasury. Here is the reason. Noble Lords who know me will recall that my favourite word in health debates is “prevention”. Without prevention of a great deal of the country's ill health, of which we are perfectly capable, the cost burden of preventable diseases will bring the NHS to its knees. Our hard-pressed health and care workers will never be able to work hard enough. My party's policy, for the moment, is to add one penny in the pound on income tax for health and social care, while continuing to take lower-paid people out of tax altogether by raising the personal allowance. However, while this would provide the NHS and social care with what they need for the moment, in the long term, this will not be enough if we carry on the way we are going.

I am a great believer in evidence-based policy and also a great admirer of Professor Sir Michael Marmot and his rigorous work on health inequalities and the social determinants of health. That is why I said what I did about the Minister being the wrong person to answer this debate. If you want to lead a healthy life, all the evidence shows that you need to be conceived and born to a family that is comfortably off. The Marmot indicators show very clearly that poverty and deprivation are the clearest indicators pointing to poor health. So what are the factors that contribute to

this—those things known as the social determinants of health? Of course, they are low income; poor housing; low educational attainment, leading to lack of well-paid work; poor air quality; poor access to the cultural activities that contribute to our well-being and mental health; and poor access to the healthy food, help and advice that help us make the right choices for our own health.

So until we get a truly progressive tax system that taxes poor people less than rich people, until we stop subsidising the fossil fuels that pollute our air and warm our planet, until we train a highly skilled workforce and until we start building affordable well-insulated homes for poor people, we will never iron out the major health problems that keep our doctors and nurses far too busy. That is why we should have a Treasury Minister leading a team of Ministers from transport, housing, education, DWP, DCMS, DCLG, BEIS, Defra and all the other acronyms. Until we get a whole-government approach to the health of the nation, we will never solve the problems of health and social care. So as the noble Lord, Lord Clark, has rightly identified, fiscal policy is a powerful tool in this battle. I would like to hear the Minister say that the Prime Minister will show a bit of leadership on this and set up a powerful Cabinet sub-committee with teeth, which will be able to hold all the other departments to account on their contribution to the health of the nation. Until I hear about some mechanism of that sort, I fear that the Marmot indicators will never shift.

In addition to that, we politicians need to put our heads together. I fear that the Government's failure to heed the calls of my right honourable friend Norman Lamb MP and others to put together a cross-party commission on a sustainable health and care service is very wrongheaded. Good-quality health and social care are things that people care about and vote about, and they depend very much on the welfare of staff. So I would have thought that any sensible Government would prefer to bring in all points of view to find the answers to a problem that has been growing for years, as the noble Lord, Lord Clark, just said. And no, the Government do not have all the answers. This House's Select Committee, led by the noble Lord, Lord Patel, had many of the answers, but they nearly all involved money, yet what did we get in the recent Budget for an NHS that needed more than £4 billion extra and a care system that needed £2.6 billion? We got £1.6 billion for the NHS and nothing at all for social care. But of course, we got £3 billion put aside for Brexit. How many doctors and nurses could we get for that?

It is clear that the overwork, stress and effective pay cuts suffered by our doctors, nurses and other health professionals will continue. These are contributing to their low morale and the fact that many of them want to leave, cut their hours or retire early. The public service pay cap imposed by the Chancellor for many years has not been lifted, despite a comment to the contrary by Jeremy Hunt. The small easing of the pay restraint announced by the Chancellor last week is conditional on the money being saved elsewhere by the removal of year-on-year increments of other health workers. It is all about saving money, not patient safety, yet patient safety is a big issue when you have demoralised staff working longer than they should in

[BARONESS WALMSLEY]

a team with vacancies. The Royal College of Physicians told us that 69% of doctors work on a rota with vacancies and that 74% of them are worried about the ability of their service to deliver safe care. Half of those polled by the RCP believe that patient safety has deteriorated over the past 12 months. What are the Government doing to ensure patient care?

What about nurses? The Royal College of Nursing has reminded us that, since 2011, nurses' pay has dropped in real terms because their tiny pay awards have nowhere near kept up with inflation. No wonder trusts are having difficulty recruiting and retaining enough nurses and we now have 40,000 vacancies. So trusts are having to turn to expensive agency nurses—and things will get worse if Brexit ever happens. Indeed, it is happening already as some nurses from other EU countries go home and the number of applications to come here has fallen by 96% in the last year. UK applicants, too, are being deterred from training by the withdrawal of the student nurse bursaries.

Another fiscal measure that is demoralising nurses is the serial cuts to the budget for continuing professional development. This has gone from £205 million to £104 million, and now £83.49 million, over two years, so the opportunities for nurses to increase their income by undertaking specialist training are diminishing. Will the Government restore that funding for CPD and also look again at the bursaries for student nurses?

We are very dependent on doctors from abroad, including from the EU countries. We are not training enough of our own doctors. Despite the increase in medical training places by up to 1,500 per year by 2020, this simply will not do while we have rising demand and some doctors going back to their home country. It takes 13 years to train a consultant, so what are we to do in the meantime? Further funding for specialist training for home-grown doctors will be required, as well as an assurance to those who come to us from abroad that they are welcome here.

I have a particular concern about the cancer workforce. I have been involved in an inquiry by the All-Party Group on Cancer about where we are at this point, half way through the timeframe of the cancer strategy in England. Are we on track to deliver all the objectives or not? Although the report will not be published until next week, I think I can whet your Lordships' appetites by revealing that all the evidence points to the fact that we are not. In particular, my colleagues and I were very concerned about the evidence of workforce shortages. We are still expecting the strategic review of the cancer workforce from Health Education England, which was promised a year ago. We were told it would come in December 2017, which starts tomorrow. I look forward to it. However, its delay has meant that the shortages which are apparent all across the NHS workforce are even more severe in cancer services because of the specialist staff needed to achieve the strategy. We heard that the lack of the staffing review, delays in releasing funding from NHS England and the last-minute changes in the criteria for transformation funding have meant that cancer alliances have not been able to plan properly and have certainly not been able to commit to funding staff posts until they are sure that they have the money available.

The cancer workforce is just one sector where, because of the clear objectives in the cancer strategy, it has been possible to measure progress against aspiration. However, we heard from several sources that workforce is the greatest challenge to delivering the strategy. I believe that fiscal measures could improve the situation here and right across the NHS, if only the Government were willing to put them into place.

12.16 pm

Lord Pendry (Lab): My Lords, the Motion before the House, so ably moved by my noble friend Lord Clark of Windermere, is indeed timely. As the House knows, the National Health Service is probably going through its most difficult time since its inception, yet the Government's attitude seems to be one of utter complacency.

When the Government—or, more specifically, Jeremy Hunt, the Secretary of State—hint that staffing in the health service is a priority and they are investing in what they call the “front line”, it hardly squares with the facts. At a time when more people than ever are using its services, it seems obvious to almost everyone except the Government that the fall in the numbers of nurses and health staff will result in a shortage of these essential workers, which is estimated to be in the region of 42,000 in the near future. Problems are especially acute in spheres of nursing such as district nursing practice and nursing in psychiatric care, where there has been a reduction of some 12% since 2010.

That these shortages cause pressure is borne out. For example, two-thirds of the respondents to UNISON's annual survey reported that wards were so understaffed that nurses did not feel that they could guarantee safe, dignified and compassionate care. One must consider that those were among the main reasons why most nurses wanted to work in the National Health Service in the first place—it was certainly not for the pay they would receive. It is a fact that, on top of receiving inadequate salaries—we know that is the case—many in the health service find that the pressure can often produce physical dangers for both patients and staff. UNISON's survey of mental health workers revealed an increasing risk of attacks on staff, driven in part by shortages.

We are now witnessing a vicious circle in which shortages of staff lead to them having to take on extra workloads. That leads in turn to fears for their own safety and that of their patients, which is having a damaging impact on their morale, and hence staff leave the service in great numbers. Therefore, pay by itself is not the reason for the staff shortages; low morale remains an enormous barrier to recruitment and retention, and it must be addressed by the Government.

The fiscal policies of this Government remain a major factor, about which my noble friend has already spoken. The recent attempt in the Budget to loosen the purse strings was but a half-hearted measure. Despite all the warm words from the Tory party before and during the general election, nothing of real substance has emerged since. In truth, most National Health Service workers have failed to receive a pay rise worth speaking of since 2010, due to the pay freeze and the pay cap of 1%. It is no wonder that the Royal College

of Nursing has reported a “growing number” of nursing staff using food banks, taking on additional jobs and accruing personal debt.

Jeremy Hunt’s latest revelation in the *Health Service Journal* showed that staff could potentially lose extra amounts for working anti-social hours under his so-called “more professional” pay structure. That prompted the Royal College of Midwives to accuse him of being “ill-briefed”, and Sara Gorton, head of health at UNISON, went so far as to say that talks between the Government and her union would be,

“a very short set of talks indeed”.

It is not right that both Scotland and Wales can give their health workers a living wage, yet their counterparts in England cannot.

Of course, all the problems aired in today’s debate have been compounded by the uncertainty and possibly larger problems which could be awaiting the National Health Service with our possible exit from the EU. For instance, there was the revelation in January 2017 that there had been a drop of 92% in the number of EU nurses registering with the Nursing and Midwifery Council. Surely that alone should have been a wake-up call for the Government to recognise the serious consequences for recruitment that could lie ahead. The number of nurses from the EU leaving the NHS increased by 38% last year compared with the previous 12 months, and a mere 46 nurses registered with the Nursing and Midwifery Council in April this year.

It is a fact that in some areas the National Health Service is dependent on workers from the EU, especially in London and the south-east. It is obvious—is it not?—that reassurances should be given. It is not enough for the Government to say that they are confident that EU workers in the NHS will be able to stay, with the rights that they currently enjoy; instead, they should give a concrete assurance that those staff will definitely be able to continue to work in the NHS post Brexit. After all, did not that same reassurance come from the mouth of Jeremy Hunt in his speech at the Tory party conference?

At the risk of being accused of repetition—I know that the Minister believes that I bring party politics into this—the reason one cannot take the Secretary of State’s word as gospel is that, in the same speech, he made a colossal blunder by stating that the NHS was the child of the Tory party and a certain Minister in the coalition Government, a Mr Willink, who introduced what he called a consultative document in 1944. This was issued before Nye Bevan introduced a comprehensive National Health Service, which was approved by 187 votes in 1947. Tory luminaries such as Sir Winston Churchill, Sir Anthony Eden, Harold Macmillan, Rab Butler and other notable Tories were against it, including the man whom Mr Hunt named as the founder of the National Health Service, the hapless Mr Willink.

With those words, I merely ask whether the Secretary of State can expect nurses, the nursing world and the National Health Service to believe his words and his authority when he tells EU workers that they are safe in his hands and his assurances about their rights to stay after Brexit. I doubt it.

12.25 pm

Baroness Emerton (CB): My Lords, I thank the noble Lord, Lord Clark, for his introduction. I declare my interests as listed in the register: I am a retired nurse and a retired midwife. I joined the health service in 1953 as a student nurse and I have had a privileged career.

I find it very sad to stand here and talk about the health service we see today. I have read the evidence given to the Health Committee in the Commons and all the up-to-date figures, and I find it extremely worrying and sad that, from a nursing point of view, we are faced with an unsafe situation. We spent four years on the Health and Social Care Bill and emerged with the phrases that the Government would look at safe staffing and the certification of untrained staff.

Fortunately, we have the services of the noble Lord, Lord Willis, who has taken up the cudgel for people who were untrained nurses, and a two-year programme for support workers, agreed by the Government, has been introduced. The question is whether, as nursing associates, they will be registered. The problem is that the NMC is the registering body for the four countries, and not all four countries are doing the same thing with untrained staff. We are in a situation where we have uncertainty.

The noble Baroness, Lady Walmsley, raised the question of a multi-professional, multi-Government approach. The health service has reached a crisis point where it needs a global or overseeing way forward. I am particularly interested because during the past year I have had personal experience of health and social care, both as a Member of this House and as a regional nurse. I have had experience of transferring patients from health into social care. We have enormous problems which need to be sorted through a multi-professional, properly funded and reassuring to the public strategy.

We cannot go on having statements. To step forward we need to deliver safe care through the patient pathway, from before life to the end of life. We may need to use volunteers in some aspects—which is very good if they are trained—but the public still expect a service they can trust.

At the moment, there is a situation where people are wondering whether they will get safe care, when they are discharged in the middle of the night to a home where there is no one. We need to see that there is a pathway for them right the way through. I ask the Minister that we take seriously all the information that has come in about shortage of staff—not just nurses but all across the NHS. There is a need to work together and break down barriers that are there. We need more multi-professional education where it would be cost effective. We have not built in cost-effective ways going forward in some instances. Anatomy is anatomy, so why do we do not have anatomy teaching where we have all disciplines coming together? There are all sorts of innovative points we could do.

So, as a disappointed, retired nurse—and retiring Peer in the near future—I ask the Minister that the health service is revived so that patients and the public

[BARONESS EMERTON]

can have confidence going to a surgery or whatever their need, so that they can be assured that their health will be cared for. I rest my case.

12.31 pm

Baroness Donaghy (Lab): My Lords, what a great privilege it is to follow the noble Baroness, Lady Emerton, and what a champion she has been for nurses, midwives and the health service. I think that the House will have another opportunity to pay tribute to her work but I am so pleased that she was able to participate in this debate.

I also thank my noble friend Lord Clark of Windermere for initiating this important debate. It is important because it is about the future welfare of about 1.3 million people in the NHS—let alone the people in their care—and they are all on the Agenda for Change pay system. But this is part of a wider context, which is important to remind ourselves of. The health service needs a higher ratio of spending as a percentage of GDP if we are to match the standards of other advanced nations, notwithstanding the extra resources required to care for our ageing population. The total UK health spending—including public and private expenditure—was 9.8% of national income in 2015 according to the Institute for Fiscal Studies. Although that was in line with the EU-15 average, it was below the levels of the United States at 16.9%, Japan at 11.2%, Germany at 11.1%, and France at 11%. Health spending has increased since 2009-10 but at an historically slow rate—1.4% a year. Also, it should be remembered that cuts in other departments, particularly local government, were disproportionately severe and have acted as a major obstacle to progress on social care. We must bear in mind that the average increase over the previous 60 years was 4.1% per year.

The second, larger bit of the context is that all the government reassurances about supporting the values of the NHS should be taken together with the appalling Health and Social Care Act. This was a top-down piece of legislation which created even more bureaucracy in the health service. It has not dealt with social care at all and many of today's problems can be laid at its door.

In the 1960s I spent a couple of summers working as a ward orderly at Warwick Hospital, so I have been a health service worker—admittedly in a very different era and on a pretty low wage. I would march up and down the ward in a full-length cow gown—I am sure the noble Baroness, Lady Emerton, will remember the cow gowns—pulling a trolley full of urine bottles. I thought I was the bee's knees.

For many years I was also a non-executive director at King's College Hospital foundation trust. I chaired a considerable number of consultant appointment panels and was impressed by the calibre of the applicants, and the amount of training, study and moving around the country at frequent intervals that our system seems to require. I was also impressed by their internationalism. From whatever country they came, they had worked and conducted research in a different country from their birthplace. We are extremely fortunate to have people who are pathfinding in different forms of medicine

and different methods of healthcare. The shortages in emergency medicine, psychiatry and general practice are extremely worrying and mean that some of our population may receive suboptimal care. What practical steps are the Government taking to address these shortages and maintain the internationalism of our consultants?

I will mention nursing briefly, not because nurses are not vital and recruitment and retention are not reaching crisis point, but because many other speakers, not least the noble Baroness, Lady Emerton, have far more expertise than I do. My former union, UNISON, is asking the Government to legislate for safe staffing levels so that acceptable nurse-to-patient ratios improve recruitment and encourage nurses to stay in the profession. UNISON's annual survey in April this year showed that wards are now so understaffed that nurses cannot ensure safe, dignified and compassionate care. Half of respondents had to work through their breaks to make up for the lack of colleagues and 41% worked more than their contracted hours. This is leading to exhaustion and burnout.

UNISON has no confidence that the Government can deliver on their commitment to triple the number of nursing associates and increase the number of training places for student nurses. The demise of the bursary means the Government no longer commission training places directly, depending instead on universities creating extra places and recruiting students. One province-chancellor I spoke to two days ago said that his university was negotiating to establish a course of nurse training. It was so complex and demanding that the university doubted it would be financially viable or that it would actually run. Abolishing the nursing bursaries is in the same category as charging for employment tribunals and the notorious employee share ownership scheme—they should be put in the “daft” box.

I turn to the majority of health service staff—the unsung heroes and heroines, many in comparatively low-paid jobs who the pay cap has been particularly tough on: cleaners, porters, catering staff, admin staff, medical secretaries and primary care staff. This also includes professions allied to medicine: midwives, health visitors, healthcare assistants, paramedics, ambulance staff, occupational therapists, speech therapists and operating department practitioners. I make no apology for repeating my noble friend Lord Clark's list of important staff. Since I mention speech therapists, I recall a debate many years ago initiated by my noble friend Lady Turner of Camden, who has a long-term illness. She was a champion of speech therapists. It was a very moving debate. The supporting speech by the noble Earl, Lord Attlee, was particularly powerful. We need more champions of health service staff, even with half the dedication of my noble friend Lady Turner and the noble Baroness, Lady Emerton. Such champions could make a difference.

I am sure that I have left some categories out and I apologise if I have. They have all paid the price of the Government's austerity measures, in terms of living standards for their families and coping with increasing pressures in their workplace. While on the face of it the Chancellor's announcement that the Government will give conditional support to pay review bodies this

year is welcome, we do not know how many pay review bodies he is referring to. Can the Minister enlighten us as to who will be covered? Can he explain what the Chancellor meant when he spoke about,

“pay structure modernisation for ‘Agenda for Change’ staff, to improve recruitment and retention”?—[*Official Report*, Commons, 22/11/17; col. 1054.]

I have a lot of experience of pay structure modernisation. It usually means leaving people stuck on their grade ceiling, plussages which are divisive and discriminatory, and moving on to new pay structures on condition that staff accept unwelcome changes to their terms and conditions.

The Chancellor has said that any deal will be linked to improved productivity. Can the Minister explain what is meant by “improved productivity” in the health service? Would it involve a porter pushing two patients along in wheelchairs, catering staff serving half a dinner, or nurses scooting up and down wards? It would conjure an image of “Carry on Nurse” if it were not so serious. How on earth can people be expected to work any harder?

One of the complaints of staff, particularly nursing staff, is that there is insufficient flexibility in working patterns. I am not surprised that the bill for agency staff has nearly doubled between 2011 and 2016, reaching £3.6 billion in England and £250 million in the other nations. If I were a trained nurse with young children, I would probably opt for the flexibility of agency working, rather than the increasingly heavy burdens of full-time staff responsibilities. The House of Lords Long-term Sustainability of the NHS Committee looked at the link between pay and morale. Those at the lower end of the pay scale were particularly badly affected. The committee made this recommendation about pay policy:

“We recommend that the Government commissions a formal independent review ... with a particular regard to its impact on the morale and retention of health and care staff”.

The Government have not yet responded to this recommendation. Will the Minister say what the Government’s response is to the committee’s recommendation?

Finally, paying lip service to the NHS and issuing overblown statements about how the Government support it, while at the same time squeezing it by the neck, is unacceptable. Actions speak louder than honeyed words.

12.42 pm

Lord Warner (CB): My Lords, the noble Lord, Lord Clark, deserves our thanks for providing this opportunity to discuss what I would call the bleak direction of travel that this Government are setting for our health and care system. I congratulate him on his robust and thoughtful analysis, which I share. It was also a privilege to hear my noble friend Lady Emerton. I, like others, will miss her wisdom in the future.

Next year the NHS will be 70. For much of its existence it has had an annual funding increase averaging about 3% to 4% in real terms. Since 2010 the annual increase has shrunk to less than 1.5%. During this decade the NHS has become rather like a pensioner finding it difficult to live in the style to which it was accustomed. It now faces an uncomfortable old age,

partly because it failed to change its business model when it had the chance, but increasingly because of this Government’s obsession with both a reckless Brexit and a linked fiscal policy based on unrealistic national debt reduction.

First, I acknowledge that the NHS has contributed, to some extent, to its current problems. For too long it has been reluctant to change its hospital-centric business model when the changing demography and disease profile of its customers strongly suggested that it should. For too much of its history too many NHS leaders have distrusted local government and, for the most part, until recently, have failed to understand the NHS’s dependence on a reliably-funded adult social care sector. Even when there have been sensible plans for change, an adequate investment strategy has usually been lacking. Certainly, there has been a failure to provide a strategy for reshaping a workforce that needed to work differently and more innovatively, embracing new technology in all aspects of its work. If you add in an expensive and misguided Conservative-led reorganisation five years ago, it is not difficult to see how poorly placed the NHS and its staff are to deal with what comes next.

The state of our health and care system is evidenced in the report by this House’s Select Committee on the Long-Term Sustainability of the NHS, of which I was a member. The report was published in April and we still await any response from the Government, other than the Minister telling us that it is on his desk. The report also presents a powerful body of evidence on the damage done to the prospects of NHS sustainability by the persistent failure by Governments to fund adequately adult social care, even taking account of the £2 billion now being invested over three years. This sector is experiencing a serious reduction in the provision and quality of publicly funded adult social care, as the loss of 4,000 nursing home beds in a single year demonstrates. In turn, it is placing an increased and unnecessary burden on the NHS and its staff.

Brexit and the Government’s fiscal policy will now administer new shocks to an already battered NHS workforce. No doubt the Minister would prefer it if I did not mention Brexit but I am afraid I do not inhabit the “Mary Poppins” world of many Ministers on this subject. It is now important that the public understand that far from producing an additional £350 million a week for the NHS, Brexit will seriously damage the NHS. I can find no credible economist who believes that leaving the single market and the customs union—the Prime Minister’s declared aim—can do other than reduce our GDP, with any compensating new trade deals a very long way off in the future. Companies are already making their dispositions accordingly and many more are likely to do so early in 2018.

A few success stories in the life sciences sector do not alter the bigger picture—one in which the tax take goes down as the economy shrinks and there is less money for public services. We can already see the impact of Brexit on the public finances with the £3 billion Brexit contingency fund in the Budget, and more to come to pay a divorce bill somewhere north of £40 billion—unless the Minister has some better figures.

[LORD WARNER]

We have discussed on several occasions the impact of Brexit on the supply of EU staff to our NHS and social care system. The total failure of this Government to provide a cast-iron commitment to EU staff working here about their future in the UK has led to a worrying exit of valued staff from our health and care system. This outflow is likely to increase further and faster in 2018. Wise heads in the NHS are already trying to plug the gaps from other sources but this will be a big ask in the short term, and the cost of replacement is likely to be greater than retaining those staff who have been lost. Our long-term failure to become more self-sufficient in the staffing of our health and care system will be seriously exposed by Brexit. Staff account for two-thirds of the costs of running the NHS and we will have to pay more than now to recruit, train and retain staff. This will be a big financial pressure, which has not been reflected in the Chancellor's Budget.

Finally, I turn briefly to fiscal policy. The Office for Budget Responsibility's assessments accompanying the Budget show economic growth declining, poor national productivity and an inflation rate much higher than health and care spending. The Chancellor continues his predecessor's obsession with reducing the national debt. Despite this—what I can call only—austerity fetishism, the Government have missed all their debt reduction targets, continuously damaging public services into the bargain.

This Budget falls a long way short of a credible response to the challenges that the health and care system faces for the rest of this Parliament—always assuming that the Government last that long. Most seriously, there was no relief for adult social care, which is now massively underfunded after a 25% cut in real terms since 2010. The promised Green Paper on social care will now not appear before next summer, having been promised for this autumn. Meanwhile, our elderly and disabled population can expect in many parts of the country to have reduced access to social care services, as more providers exit the publicly-funded part of that sector. This will put further pressure on the NHS.

Apart from £10 billion of capital in the Budget, mainly, I suspect, from NHS land sales, the Chancellor has provided an extremely modest revenue increase for the NHS. There is £350 million—again, £350 million but only for a whole year—in the current year. There will be another £1.6 billion in 2018-19 and a further £0.8 billion in 2019-20. This falls well short of covering the likely cost of inflation over the period. The black hole in the NHS budget at the end of this Parliament is expected to be at least £20 billion.

My understanding is that any pay increase for staff in this period will depend on a productivity deal. Having tried to negotiate productivity deals with the NHS unions in the past I can assure the House that this is a notoriously difficult thing, both to achieve and to satisfy the Treasury that you have done so. In practice, if some staff are to get more it is highly likely that others will get less, unless the Government put in much more money, which currently looks highly unlikely. We now have an NHS workforce who have had the best part of a decade with capped pay increases, often below inflation, and now face a period of great work

pressure, with inflation of around 3% a year and no certainty over their pay. This seems a bit like being a boxer who thought he was in a 10-round bout but now finds his bout is one of 15 rounds.

In conclusion, the Government's 70th birthday present to the NHS seems to be a few bandages for the wounds, continuing short rations and no investment in reform. To quote the Royal College of Physicians, the NHS will remain, "underfunded, underdoctored and overstretched". The enthusiastic Brexiteers now need to reflect on the consequences of what they wished for.

12.53 pm

Baroness Pitkeathley (Lab): My Lords, I congratulate my noble friend Lord Clark not only on securing this debate but on his tenacity on this very important subject of NHS staffing. I endorse all that he said about the potential difficulties into the future—the near future of an institution which is so dear to so many of us and to which many, like me, owe their lives.

As my noble friend reminded us, this week has seen renewed fears about the safety of the care provided in our accident and emergency units, and other units, because of the lack of fully trained staff. There was also a disturbing statement earlier this week about the state of maternity services and the shortage of midwives. But I am going to widen this debate, as others have done, by focusing on another issue which fundamentally affects the efficiency—indeed, the very existence and continuation—of the NHS: social care. We need to consider other major workforces in conjunction with discussions about NHS staffing levels. I think there are three separate ones: those who work in the social care sector, the unpaid family carers, and the staff and volunteers in the charitable and voluntary sector.

It is simply impossible to consider anything to do with the running of the NHS without looking at the social care which precedes, follows or substitutes for NHS care, especially hospital care. Lack of adequate social care means more pressure on hospitals—often unnecessary pressure, as most people prefer to be cared for in their own homes; and if given proper support, they never go into hospital in the first place. Moreover, the levels of readmission rates if people are discharged without proper planning and follow-up are truly shocking, and we must be concerned about the pressure which families face if they are not given proper support with the care that most of them are only too willing to provide.

I have been concerned with social care for more than 30 years and have lost track of the number of times I have heard Ministers and others say that health and social care must be considered together, that we must have integrated services and that we must have staff who work across both disciplines. I have heard the noble Baroness, Lady Emerton, say that on many occasions. I thought it was axiomatic, but how wrong I was was proved by the Chancellor in his Budget last week. I could not believe that he failed to mention social care once. There is overwhelming consensus that the care system for older people and disabled adults is in crisis, but the Chancellor simply left it out.

Social care, which is always means tested, as we know, is provided by councils whose grants have been cut, and as a result the spending on social care has

fallen by 30% in some areas since 2010. Three independent think tanks have produced a joint estimate that last week's Budget will leave a £2.5 billion funding gap by 2019. Already, 1.2 million people are not getting the care they need, even with the enormous contribution of the 6.8 million family carers. The vast majority of care and support is provided not in hospitals and care homes but behind closed doors by family, friends and neighbours, and this is another huge workforce that we have to consider when we look at staffing levels in health and social care. Your Lordships will be fed up with hearing me refer to the value that this workforce provides but I am going to say it anyway—it is £132 billion every year, the cost of another NHS.

The number of people providing unpaid care has increased by about 1 million over the past 15 years, from 5.8 million to an estimated 6.8 million. It has far outstripped population growth. The number of carers grew by 11% over a decade. Families are caring more, not less, and therefore it is not good to hear Ministers even glancingly say that families should be taking more responsibility, because they could hardly take more than they are doing. Two years after the Care Act put in place stronger duties on local authorities to support carers, those new rights are not improving the lives of many carers in England. Carers' assessments, which were put in place to look at the impact of caring on carers' health and well-being, are too often failing to be put in place, and breaks and support are just not there. Some 40% of carers responding to Carers UK's *State of Caring 2017* survey said that they had not had a day off for more than a year. Imagine that, not having a day off for more than a year. In the context of this debate, the high rates of women carers and those in their 50s who are employed within the NHS means that supporting carers at work is particularly important for the NHS. Earlier this month, the Health Secretary himself highlighted the importance of flexible work and care leave for those juggling caring and working in the NHS.

The Autumn Budget did not provide additional support for social care in the short term to address the social care crisis and the predicted funding gap which I and others have mentioned, of £2.5 billion. The Chancellor offered a short-term fix to the NHS in his Budget—a sticking plaster, as it has been called—but did absolutely nothing about the long-term sustainability of health and social care funding. Sarah Wollaston, the chair of the Health Select Committee, said:

“We are failing to take the long view and see how serious the situation is. Health and social care is like a balloon—if you squeeze one part, another part pops out. The idea that you can fix the system in this way is nonsense”.

So here we are again. We have been here many times before, and it still seems many miles away from a solution to these problems. The history of our attempts is not edifying. Different parties calling each other's proposals a death tax or a dementia tax is not helpful, and there have been endless commissions, royal and otherwise, all of which are languishing on the shelves of various Secretaries of State. The Minister will tell me that another consultation on social care funding is pending. My reaction? Oh please, not another one. Since 1997, there have been four independent commissions and five government papers on funding reform. As I

said in my contribution to the debate on the Queen's Speech earlier this year, we know the questions—we just need the answers.

I understand that the Government have now abandoned their commitment to the Dilnot commission proposals. Are we to start again then from scratch? Is all the work that the noble Lord, Lord Warner, and others did going to waste? Can the Minister please enlighten us? Have the very welcome plans for a carers' strategy gone to waste in rather the same way? We have been working on that for some time, but we now understand that it will be rolled up with the social care consultation, which itself has been delayed, as the noble Lord, Lord Warner, reminded us. How the First Secretary of State could announce a consultation on proposals to reform social care without mentioning the contribution of 6.5 million carers is, frankly, beyond me. Discussions about a refreshed carers' strategy have been going on for more than two years, and 6,000 carers sent in their views, at the Government's request. Will the Minister tell me what is happening to those views, submitted by carers in good faith?

I know that last week, for Carers Rights Day, the Minister in another place announced there would be a carers' action plan in the new year. That is a very welcome, although suspiciously late, initiative—perhaps to correct the unacceptable omission in the announcement by the First Secretary of State. None the less, I do not want to be churlish, and it is very welcome. But can the Minister tell me more about this proposed action plan and how carers and their representatives will be involved?

Finally, I want to refer to the workforce which operates in the voluntary sector. In the field of health and social care, charities are major players, providing care, developing innovative solutions to long-standing problems and representing those who have difficulty speaking for themselves. They often provide such services under contract from the local authority or a health agency, and are increasingly struggling to do so. As the Select Committee on Charities, which I had the honour to chair last year, said,

“there has been pressure on charities to reduce ‘back office’ costs and an increasing expectation that all money donated should go to the frontline ... Charities cannot operate unless their core costs are met ... commissioners should have regard for the sustainability of the organisations which they commission ... and ... realistic and justifiable core costs should be included in contracts, just as would happen in the private sector”.

Nobody would question that in the private sector.

My committee also recommended that the Government need to improve the way they consult the charity sector when developing new policies. We said:

“Poor consultation and ill-thought-through policy proposals have caused serious unease and disruption to the work of charities. We recommend that the Government reviews its approach to engagement with the charity sector before policy announcements are made, with a view to ensuring that charities feel better informed about legal changes which may affect them and have a greater opportunity to provide input on new policies”.

Although I still await the government response to the Select Committee's report, I am glad to note that the Government have accepted this recommendation and that the Minister in another place has announced a cross-departmental initiative to improve communication.

[BARONESS PITKEATHLEY]

I am not expecting the Minister here to be able to respond to that, because I dare say it will not be in his brief today.

I support entirely my noble friend's concerns about the NHS workforce but ask that the Minister also take into account the urgent needs of the social care workforce, including the unpaid carers and those who work in the voluntary sector.

1.04 pm

Lord MacKenzie of Culkein (Lab): My Lords, I too am delighted that my noble friend Lord Clark of Windermere has secured this very timely debate. I agree with every single word, I think, that he said. Given my own nursing background, I will perhaps single out from among the other speakers the powerful speech by the noble Baroness, Lady Emerton. She touched on a lot of extremely important matters, and the news that she may shortly be retiring from this place will leave the House much worse off when it comes to dealing with very important health matters, particularly nursing.

There are lots of warm words about nursing and lots of compliments for the work of nurses, midwives and health visitors, and this is something that Ministers are only too happy to join in with. We had it from the Chancellor in his Budget speech in the last few days, when he said:

“Our nation's nurses provide invaluable support to us all in our time of greatest need and deserve our deepest gratitude for their tireless efforts”.—[*Official Report, Commons, 22/11/17; col. 1054.*]

Nobody could argue with these words, but nurses and other health staff were expecting something more when it came to the rest of the Budget speech. The scrapping of the pay cap was announced, I think, last October. The widely expected nod in the Budget to a decent, unconditional, fully funded pay rise did not materialise. Instead, any increase above a miserable 1% seems to be conditional on changes to the Agenda for Change pay structure.

I agree that there may be some aspects of that structure that might need to be looked at, tweaked or updated, but the real suspicion is of course that the Government want to reduce or remove payments for unsocial hours, and that they may want to deal with issues about so-called automatic increments and put new bars to progression on the incremental scales. We have already heard about issues of productivity, and I agree with the noble Lord, Lord Warner, that any negotiations with the staff unions that propose taking some of these conditions of service away are going to be extremely difficult.

I also do not know, and would like to know from the Minister, what is meant by productivity. How do you measure a nurse sitting down and talking with a patient? Are they supposed to be on the move every minute of every hour? Nurses, midwives, health visitors and most other health staff are working at full pitch, and I do not really know what is meant by productivity increases. I hope that the Government and the Secretary of State are not setting up the staff side for blame if they fail to reach agreement on some of these proposed robbing Peter to pay Pauline suggestions that may be

coming forward. I can hear it now: “You would have got a bigger increase, but the wicked staff side failed to reach agreement with us”.

I have been around the health service and health service trade unionism for all of my working life until I came into this place. There have been many ups and downs and issues in nursing morale over the years. We have had good times, better times and a lot of bad times, but I am not alone in saying that it is worse now than I can ever recall. Pay and grading is of course one of the issues that affect nurse morale—how could it not be when pay is something like 14% lower in real terms than it was in 2010? It is an important reason why nurses leave the profession. Nurses cannot pay their bills, and in some cases need to go to food banks.

However, as soon as we ask a Parliamentary Question about nursing shortages, pressures or pay, what do we get? With the greatest of respect to the Minister, what we get are the formulaic, boiler-plate Answers telling us that we have X more nurses than we had in 2010 and have created Y more training places, and that pay is for the independent NHS Pay Review Body. The review body used to work reasonably well and held the ring between the Government—the Department of Health—and the staff side fairly well before it was effectively captured by the Government's freeze and then the 1% pay cap.

We need to unpack these ministerial Answers. There may be more nurses now than there were in 2010, but that takes no account of the growing demographic change in the population. There are more elderly people than ever before, and that means more co-morbidities. There have been huge advances in medicine and surgery. We have fewer acute beds in this country than most OECD countries. For example, Germany has over six per 1,000 population, while we have less than 2.5. Perhaps that is why ambulances are queuing for far too long outside A&E departments, patients are not seen within target times, patients are on trolleys in corridors and, as we have heard in this debate, patients are sometimes discharged inappropriately early or in the middle of the night, without adequate provision at home, so that room can be made for the more acutely ill patients waiting in A&E.

It is not therefore surprising that there are huge pressures on nurses and other staff when on duty. There are 40,000 vacancies for nursing staff in England alone, and that takes no account of increasing shortfalls in the other UK countries. It is therefore not surprising that some research tells us we have the highest nursing workload and consequent burnout in Europe. That does nothing for staff morale either.

Then there is the hopeless funding of social care. How much did we hear about social care in the Budget? “Hopeless” seems to me to be the operative word because, without significant investment in social care, the future looks grim. That in turn adds to the pressures on the health service.

Ministers are fond of referencing 2010. In 2010, we had over 8,000 nurses working in social care, but there are fewer than half that number today, while nursing homes are having to close or reregister as care homes. The continuing lack of investment in social care is going to put even more pressure on the hard-pressed

NHS, despite the additional funding that, while welcome, will be nowhere near enough to avoid the continuing pressures and problems. Some 40% of the funding needed is all that was offered—better than nothing but not good enough, as the funding asked for by Simon Stevens would only have returned us to the level of increases that we had in the first 60 or so years of the NHS.

A more recent but very important matter affecting the retention of nursing staff is the dramatic reduction in the funding for continuing professional development. We have already heard the figures: the budget, which was £205 million, has been chopped down to £83 million. Part of continuing professional development is the requirement that all nurses revalidate their registration every three years, but by far the largest part of the funding is needed to develop nurses and nursing as well as to bring in new roles. Why put the brakes on preceptorship for newly qualified nurses as well as the career development that is so important? Employers cannot now develop programmes for A&E, for operating theatres, for district nursing or for advanced practice in anything like the numbers that are needed because of the huge disinvestment in CPD. I understand that the Government did not reduce CPD for doctors, so why did they do it for nurses? Can the Minister explain the disparity between the ways in which the two professions have been treated? These are but some of the reasons why members of the nursing profession are unhappy.

I turn to the matter of joining the profession in the first place, where again we have had a huge disinvestment, this time by replacing the bursary scheme with student loans. We have heard much about how this plan is going to increase the number of university places available by not having a capped commissioning system; we are told that it would give students much more money. We heard some of that from the noble Lord on the Front Bench yesterday. Universities were up for it, at least initially, because they are in a marketplace and the prospect of more students brings in more money. Perhaps the most important reason is the fact that the Treasury hopes that, by introducing the wheeze of ending bursaries, it will save £1.2 billion. Is that fact or fiction? After all, I cannot see where that £1.2 billion has been reinvested in the NHS.

It may be that many nurses will not pay back their loans because, if they stay in the nursing profession in the health service for 30 years, they are unlikely to earn enough to do so, but what of the effect on the potential recruits? It is a long time since I started nursing, but in Scotland we could start nursing at 17 and a half. I recall that two or three out of that first year could possibly have been referred to as mature students; the rest of us were all youngsters. Similarly, in my post-registration training south of the border, we had a nursing cadet scheme where most people came in at 16 as cadets and commenced nurse training at 18. Mature students were almost unknown. It is a totally different situation today. Many students are mature or have family responsibilities. I cannot see how they would want to come into the profession now, with the risk of being saddled with a student loan for many years to come. It is a

perception thing, and it is extremely important that the Government keep the matter under review and carefully monitor it.

There is one bit of good news that I would like to touch on, and that is the development of the new nursing associate. The measure is long overdue and, provided that it is developed correctly, it will give an opportunity for many who do not want to do the full degree course to become a registered nurse. That is something that my old union, the Confederation of Health Service Employees, campaigned for at the time of the ending of enrolled nurse training, but it did not happen. Still, what goes around comes around.

My concern here is that we do not return to the situation that we had with enrolled nurses and that the substitution of the nursing associate for the registered nurse becomes a fashionable thing, particularly with pressures on finance. The awfulness of what happened in Mid Staffs is not so long ago that it can be erased from health boards' corporate memory. We know that the fewer the registered nurses, the greater the mortality risk. I do not want to see any substitution here of registered nurses by nursing associates.

I just wish we could stop this nonsense of nursing associates already being referred to as “associate nurses”. It is important that they are going to be registered by the Nursing and Midwifery Council, but a nursing associate is not a nurse. I wish we could regulate and protect the word “nurse”. The phrase “registered nurse” is protected, but the word “nurse” is not. We have health trusts applying the label “advanced nurses” to people who have never seen a bit of nurse training in their lives. That should not happen, and it is something I would like to see the Government getting a grip of.

My time is up, but there are many issues that have to be addressed if we are to resolve some of the issues that have been raised in today's debate. I forget who it was who said it, but if these things are not dealt with then rivulets of discontent could reach flood proportions. I hope not—we have been there in the past and I do not want to see it in the future. There is much work to be done, and I hope the Government can get a grip on some of these difficult issues that we face.

1.17 pm

Baroness Redfern (Con): My Lords, I thank the House for the courtesy of allowing me to speak in the gap. I thank the noble Lord, Lord Clark, for bringing this timely debate to the House today. I refer to my interests as listed in the register and as being a member of the Select Committee on the NHS.

I welcome the statement by the Secretary of State for Health, Jeremy Hunt, that the Government recognise that it was not sustainable after seven years to carry on with the 1% rises or pay freezes. As we have heard today, we cannot expect NHS staff to go the extra mile if the money falls short; eventually, people will vote with their feet. So I am pleased to hear proposals for benefiting patients, from the announcement in the Autumn Budget of £6.3 billion of new funding for front-line NHS services and upgrades of NHS buildings and facilities to the creation of the “Homes for Nurses” scheme, giving a new right for the NHS worker to have first refusal on affordable housing, which would be

[BARONESS REDFERN]

generated through the sale of surplus NHS land, with an ambition that around 3,000 NHS workers would benefit. This is very much to be welcomed; our NHS staff are the backbone of the service, so it is important that we put first the people who are central to the delivery of high-quality care that is safe, effective, caring and responsive. I also acknowledge the 25% increase in placements for student nurses to increase the number of homegrown NHS staff, to reduce the reliance on expensive agency nurses, and to prepare ourselves for Brexit.

NHS staff need to feel safe and valued, with family-friendly policies, and there is a need to create a healthy morale to sustain a committed workforce. Factors that really influence staff retention include access to learning and development opportunities, a caring environment and a tough approach to violence towards staff. Retention of staff is a must, and the key to the sustainability of the NHS, while the fact remains that more has to be done to replace those who have left. I therefore welcome the launch of a new major programme to improve staff retention. It would appear—and it is regrettable—that more focus should have been on training the existing workforce, opening up the possibility of new opportunities leading to career progression. Training models in the health service have changed between 1947 and today, and will surely be radically different in 10 to 25 years' time. We must not lose momentum on innovation and technology in order to have a continuous, dedicated and well-qualified workforce fit for the future.

Health trusts must also welcome learning from other hospitals, or look at mergers or working more closely together, sharing precious data in helping them raise their game in order that good leadership can drive continuous improvement in patient outcomes and productivity. We see staff working well in structured teams, fully engaged and supported to make changes to how they deliver that care, and able to make those changes to improve quality and productivity. It is essential that trust boards consider feedback from front-line staff. Trusts must make themselves great places to work, with job satisfaction, career progression and continual training as one. The importance of understanding what staff want cannot be understated.

Finally, I welcome, too, the Government's endorsement of the NHS *Five Year Forward View*, funding it with £10 billion more a year for the health service by 2021. However, even with that funding, the health service remains under pressure, with more people than expected using the service last year. It is worthy of note that 2016-17 saw the NHS treat 2.9 million more A&E patients than in 2010. That is all thanks to our fantastic NHS.

1.22 pm

Baroness Jolly (LD): My Lords, I join other noble Lords in thanking the noble Lord, Lord Clark of Windermere, for calling this debate, and other noble Lords for their excellent, expert contributions. I shall, in the main, address issues around nurses but much of what I can say will apply to doctors, other clinicians and healthcare professionals.

The Government's policy has been to take the view that if you pay less you can afford to employ more with the same money. This might be all very well in an industrial context. If you need a commodity to manufacture a widget and you can get it cheaply at the same quality, you can get more widgets for your money. However, we are talking not about manufacturing but about the men and women that the state employs to care for those in our society who are ill. Many of those staff have years of training or experience, and some of them could earn more in the private sector or in health services abroad.

It is the people whom the noble Lord, Lord Clark, has asked us to consider in this debate, but first we must look at the money. I have a paragraph spelling out the numbers but the noble Lord, Lord Warner, has beaten me to it and I shall not repeat them. They should be taken as read. However, the wider financial pressures in the NHS were not addressed adequately in the Budget. Before the Budget there was an assessment of the NHS financial requirement for the future from the respected trio of the King's Fund, the Nuffield Foundation and the Health Foundation, indicating that £4 billion was required. The Chancellor committed less than half of that. Undoubtedly, part of the recruitment and retention problems the NHS is experiencing is linked not only to pay but to the pressures that staff are put under to continue delivering high-quality services with insufficient resources.

For the record, the Lib Dem policy of a penny-in-the-pound rise on all income tax bands and dividends would raise around £6 billion a year. This would be a hypothecated tax and would go some way to allowing the NHS to recover and grow again. As many Peers have said, we all waited in vain during the Chancellor's speech for a mention, no matter if brief, of social care. Can the Minister indicate how the Government anticipate supporting the care sector to grow and relieve the NHS of those who are in its beds when there is no further need for healthcare? Is the market expected to address this? It is local government's responsibility to shape its local markets. This seems patchy at best. Will the Minister tell the House where local authorities could look to see good practice in this regard? Without addressing the issue of those unable to move out of acute care to either a care home or a package in their own homes, productivity will be a difficult ask.

We know that demand will rise, that the ageing population is growing and that treatments to manage and cure illnesses will improve, but often at increased cost. What is new? What might be done to narrow the gap? We look at the women and men who so valiantly and professionally care for our sick. I have spent some considerable time recently in my local acute hospital and then a local community hospital where my mother—frail, demented, and very elderly with failing heart, eyesight and hearing—has received professional care and attention. She was typical of most in her ward, and I watched as she became the policy stereotype whom we debate here. Those teams, nurse-led, are without a doubt stretched. They went home after their shift exhausted but I was certain that they knew what “excellent” looked like and they strove to deliver it. They are all in the mould of the noble Baroness, Lady Emerton, whose wise words we will indeed miss.

However, we know that anecdote should not deliver policy but that sufficient evidence should inform it. I therefore offer the staff survey carried out by the NHS last year. It showed that 36.7% of respondents reported feeling unwell as a result of work-related stress. In 2015, a different survey carried out by the *Guardian* found that 61% of healthcare professionals reported feeling stressed all or most of the time. Whichever number you take, it is too many and is good for neither recruitment nor retention, nor morale.

The Government's continued insistence on a pay-rise cap of 1% for public sector workers did untold damage to recruitment, retention and morale among the NHS workforce. In July, the BBC reported that more nurses and midwives are leaving the profession in the UK than joining it, for the first time since 2008. The number registered in the UK fell by nearly 1,800 to 690,773 in the year to March. Full Fact reports that, overall, nearly 35,000 nurses and midwives left the Nursing and Midwifery Council's register in 2016-17. This does not bode well and has to be addressed. We need to value our staff, and I welcome the Chancellor's statement that he will remove the cap on public sector workers' pay and review the Agenda for Change pay awards—albeit conditional on increased productivity, staff recruitment and retention. This is the nub of our debate.

Agenda for Change receives recommendations from the NHS Pay Review Body on recommended pay uplift. It is an independent body. Will the Minister describe the mechanism by which an independent body can make recommendations that appear to be predetermined by the Chancellor? For productivity, we need to look at our staff—from the cleaners to the consultants and, importantly, to the boards of our NHS trusts—to examine the bottom line of the balance sheets differently. They should ask not what can be cut but what can be done differently. They need to look at all their staff as agents of change and look at what other trusts do differently. Each unit needs to become a learning unit, whether that is A&E, a children's ward or the chief executive's office. They need an overall aim, made up of small and achievable bite-size aims. They need to measure progress, be proud of their achievements and be willing to share them.

This is nothing new, but people need to be given time to think about what they do, and permission to get off the treadmill and consider what small changes would make a large difference to their working practices and the care of their patients, and we should reward shared innovation. If we crack this, productivity should improve, as should morale and retention—although retention also depends on reward.

The Health Education England CPD budget has been cut from £205 million in 2015-16 to £83.5 million in 2017-18. What are health professionals expected to do to keep up to date? The report from the Nursing and Midwifery Council last month states that nurses and midwives are already taking themselves off the register. The Minister has already given the House an assurance that the Government do not intend to recruit from the third world, so how is this to be resolved in the short term? We have had long-term answers, but it is a short-term problem. What plans are in place to

entice back nurses working elsewhere and to train more? What sorts of gaps are anticipated? What is current thinking?

Attracting people to train as a nurse would be easier if the bursary were reinstated. It is not just about money. It sent the wrong message to bright young people attracted to a profession that is not well paid. It needs to be reassessed and reinstated.

For a Lib Dem, I have done quite well speaking for so long without mentioning Brexit. The NHS has had years of employing staff from our fellow EU states at all levels of the NHS—and, indeed, in health research. Yesterday, the Association of Medical Research Charities was having a Westminster day meeting parliamentarians from both Houses. I met four chairs who were really alarmed at the implications for medical research outside the EU. They told me that they had met the Minister but were still in need of assurance. Where do the Government stand on that?

To increase recruitment and retention, we need to raise morale and involve staff in the solution to the problem. We need to pay them a fair wage. We need to continue to encourage and fund professional development. We need to cast the net widely to recruit at home and abroad, because we need an NHS prepared for the next 70 years and the challenges, which the noble Lord, Lord Warner, outlined, that that will surely bring.

1.32 pm

Lord Hunt of Kings Heath (Lab): My Lords, it is a great pleasure to thank my noble friend Lord Clark for allowing us to have this important debate. I also pay tribute to the noble Baroness, Lady Emerton. It was very good to hear her speak today. She threatens retirement, but let us hope that is a little time off yet.

My noble friend spoke in a passionate, informed way of the considerable challenges facing the National Health Service and its workforce, and the link between the workforce challenges and the problem of NHS performance at the moment. As my noble friend Lord Pendry said, the NHS faces its most difficult time since its inception. Not only are targets being missed but the key quango, NHS England, effectively says that it will no longer attempt to meet some of those targets, including the 18-week target.

My noble friend Lord Clark spoke of statements emanating from the leadership of NHS England that it will have to ration treatment. I put it to the Minister that paragraph 16 of the board papers published this morning by NHS England states:

“Our current forecast is that—without offsetting reductions in other areas of care—NHS Constitution waiting-time standards in the round will not be fully funded and met next year”.

I remind the Minister, because we debated this in September, that meeting the core targets, including that of 18 weeks from referral to treatment, is a legal requirement under the NHS constitution. I also remind him of a statement made by the Government on the morning of our debate on 6 September this year. It said that the 18-week standard,

“remains a patient right, embedded in the NHS Constitution and underpinned by legislation. We have no plans to change this”.

[LORD HUNT OF KINGS HEATH]

Will the Minister today repudiate the action that the NHS commissioning board is being recommended to take, signal to the House that the constitution and associated regulations will be amended to allow NHS England to not meet the standard, or produce the funds so sorely needed to ensure that the NHS can meet it? It is no good for Ministers just to shrug this off; it is a matter for which they must account to Parliament.

That is just one example of why we have such huge workforce pressure. I thought that NHS Providers summarised the situation very well when it talked about mounting pressure:

“Rapidly rising demand and constrained funding is leading to mounting pressure across health and social care”.

My noble friend Lord MacKenzie spelled that out well. It also said that most provider trusts,

“are struggling to recruit and retain the staff they need”,

that the supply of new staff,

“has not kept pace with rising demand for services and a greater focus on quality”,

and that,

“recruiting and retaining staff has become more difficult as the job gets harder, training budgets are cut and prolonged pay restraint bites”.

It also states:

“Even if there were no supply shortages of staff, and provider trusts had no difficulty recruiting and retaining staff to work for them”,

many would,

“be unable to afford to employ the staff they need to deliver high quality services”.

No doubt we will hear the Minister peel out some statistics showing that there have been some increases in staff between now and 2010, but that is not the whole story. First, he must take account of the increase in demand on the health service over those seven years. Secondly, in 2010, the coalition Government made disastrous decisions to cut, in particular, nurse training places. In a panic, they have had to reverse that decision, but we are behind the curve in relating staff numbers, the number of staff training places and the way services are going. The decision to scrap bursaries has proved a disaster—disastrous to the wretched universities that proposed it, because they do not have more nurses coming in, as they thought they would, and a disaster for the Government. It must be reversed.

On pay policy, my noble friends Lady Donaghy and Lord MacKenzie spoke very well about the impact of pay restraint on low-paid workers. The pay review bodies are hardly independent in that it is clear that they have now been told they can go above 1%, but there will be no money to pay for it. Independence? What independence do they have? What prospects are there for so many NHS staff to have decent pay in the future?

I also raise something I find very disturbing. First, there is the attack by Jeremy Hunt on NHS staff over compensating for working anti-social shifts. Apparently, he thought he did so well over the junior doctors’ negotiations that he will bring the same great skill and leadership to the other staff groups in the health service. That will certainly improve morale, will it not?

I also raise with the Minister a disturbing trend being forced on NHS foundation trusts by NHS Improvement, which is designed to take thousands of staff out of NHS employment and, as worrying, out of the NHS pension scheme. This is a growing trend to set up wholly owned subsidiary companies to run a lot of non-clinical services within trusts. Clearly, it is a VAT fiddle—it is designed to reduce VAT payments—although the DH has to make up to the Treasury the VAT return, so it is a false economy by the health service. Staff who transfer to the company retain their employment rights, terms and conditions and NHS pension, but new employees have no such guarantee whatever. I gather that NHS staff who are really being forced to transfer to these subsidiary companies are being encouraged to opt out of the NHS pension scheme in return for a bribe of a higher wage rate. I find it deplorable that this can be encouraged by bodies responsible to the Minister. Staff are being encouraged to come out of the NHS pension scheme. That is absolutely disgraceful. I hope the Minister will say today that that will be stopped.

On resources, what can I say? My noble friends Lord Pendry and Lord Clark clearly think that the bung put in by the Chancellor is insufficient. The Institute for Fiscal Studies said that the NHS was in the middle of its toughest decade ever. It said that after accounting for population growth and ageing, real spending had and would remain unchanged for years. Sir Bruce Keogh, medical director of the NHS, said after the Budget that, “longer waits seem unavoidable”.

The King’s Fund, the Nuffield Trust and the Health Foundation, in their post-Budget analysis published two days ago, said that next year the NHS will not be able to meet standards of care and rising demand. Resources are a major issue in relation to the workforce. So, too, as my noble friend Lady Donaghy said, is staff affection for the shambolic system the coalition Government imposed on the NHS in 2012. We knew it would be a disaster; we said so for 15 months in your Lordships’ House. They determined to go on with it and we have ended up with a hugely fragmented leadership, wholly inadequate commissioning and rampant instability in providers. We have reached a point where the Secretary of State himself disowns the 2012 Act. The whole purpose of setting up STPs is basically to circumvent the rules of the market within that Act. No wonder the staff feel unhappy when leadership is so fragmented and hopeless. When will the Government legislate to legitimise what is happening? The 2012 Act is clearly being ignored.

My noble friend Lady Pitkeathley focused very well on social care, of which there was nothing in the Budget. The Green Paper has been put into the long grass and I do not expect to see it for many, many months. For carers there is a whole lack of support and no strategy. No wonder the social care workforce is in such a shambles.

I am sure the Minister will talk about this: we are now promised a workforce strategy. The Secretary of State gave an interview to *Health Service Journal* recently, in which he said:

“My strong view, having been involved in this job for a while now, is that the big problem with workforce strategies is that both me and predecessors in my role have only thought about workforce

in terms of the current spending review and that's really what has caused us a problem in the past because we only committed to train people for whom the Treasury had given concrete assurance they were prepared to fund. We ended up with very short-termist spending reviews, sometimes they were only a year ... My view is, given how long it takes to train a doctor or a nurse, you cannot have a workforce strategy that is anything less than 10 years".

In 2010 the Government inherited a long-term workforce strategy, and what did they do? They cut it viciously.

The Minister is always fond of sermonising to me, in particular, on the economy, and why the Government did what they did. I remind him that in 2010 the economy was growing at 2% per annum and the Government snapped it off. It took a long time to recover. I also remind him of what the noble Lord, Lord Warner, said: the UK economy is incredibly fragile at the moment. We have low productivity and downward projections on growth. The OBR has revised growth down to 1.5% this year, 1.4% in 2018-19 and 1.3% in 2019-20. The IFS has described this decade of a Conservative Government as the age of austerity and stagnant wages, which it now expects to last for another decade. I say to the Minister that, with the disaster of Brexit to come, the Minister should spare us lectures on the economy.

What are we to do? What is the future? NHS Providers did a very good piece of work, recently setting out a strategy for closing the workforce gap, making the NHS a great place to work and ensuring that we have strong, effective leadership. I commend that report to noble Lords. There is an awful lot to do, and I am afraid I am not confident in the Government's ability to do it.

1.45 pm

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, I thank the noble Lord, Lord Clark, for calling this debate and all noble Lords for their contributions. It is the first time I have had the opportunity to debate with the noble Baroness, Lady Emerton, which I hope will not be the last and that she does indeed continue contributing.

We all agree that the NHS is one of our great institutions. It spans political divides and brings people together, although apparently it does not bring together enough Ministers to satisfy the noble Baroness, Lady Walmsley. We are all rightly proud of our NHS and the staff who work incredibly hard for the good of patients. The quality and dedication of our NHS staff is why we have the best health service in the world. It is, as the noble Lord, Lord Clark, said, second to none. It is also a great privilege to have so many former NHS staff in this House speaking today, including the noble Lord, Lord MacKenzie, and the noble Baronesses, Lady Donaghy and Lady Emerton.

We as a Government do not pretend that everything is perfect, but we should be proud of the NHS's many achievements: universal access; the progress we are making on improving cancer survival rates; transforming care for dementia and mental health; our strong primary care; research and development; and the quality of medical education and training, among many others. It is because of those achievements that the independent Commonwealth Fund recently rated the NHS as the

best health system in the world for the second year in a row. Contrary to the accusation from the noble Lord, Lord Clark, I believe that this shows the very opposite: success. Of course, the NHS faces challenges, but it is doing well.

The first part of the title for today's debate refers to the Government's fiscal policy, so I want to begin by laying out the reasons for that policy and the actions taken within it. I will resist the urge to lecture, I hope, but I will point out the facts. In 2010, the coalition Government inherited one of the most challenging fiscal positions in the world. The Conservative and Liberal Democrat parties came together with a plan to reduce the deficit because we understood that a failure to do so would burden the next generation with debts which they had no hand in creating. It was fairness, particularly intergenerational fairness, which drove that policy.

We also understood that you cannot have strong public services without a strong tax base; and a strong tax base requires a strong economy, in which investors have confidence that the Government will be fiscally responsible and where it becomes easier to create and sustain jobs. That is what we, as a coalition and then as a Conservative Government, set out to do. Inevitably, this approach necessitated many difficult decisions, but we have now reduced the deficit by three-quarters, from 9.9% of GDP in 2010 to 2.3% in 2016-17. We forecast it to fall gradually to 1.1% in 2022-23, the lowest for 20 years. Employment is at a record high and the economy continues to grow.

As the noble Baroness, Lady Walmsley, pointed out, the greatest health policy is to reduce poverty, and having more people in work is a core part of that. It is because of those firm fiscal and economic foundations that we were able to protect and grow NHS budgets at the spending reviews in both 2010 and 2015. Furthermore, because we recognise that the NHS is under pressure right now, in the Budget last week we heeded calls for more funding, with £2.8 billion extra over the next three years to help the NHS meet its performance targets, and over the next five years a £3.5 billion programme of additional capital investment.

Several noble Lords, including the noble Baronesses, Lady Jolly and Lady Pitkeathley, and the noble Lord, Lord Warner, asked about the lack of mention of social care in the Budget. It is worth pointing out that we had two Budgets this year. In the previous Budget, in March, there was an announcement of £2 billion extra for social care. Indeed, we confirmed recently that there will be a Green Paper in the summer to take social care reform forward. It will deal with the issue of carers, as referred to by the noble Baroness, Lady Pitkeathley. I should point out that it has the continuity to build on suggestions made by Andrew Dilnot's expert advisory group in the past.

As the noble Baroness, Lady Jolly, said, we need to look at the money. That means that funding in real terms on the health service will be £12.5 billion higher this year, £14.2 billion next year and £15.8 billion higher by 2020-21 compared with 2010-11.

Both the noble Lords, Lord Hunt and Lord Clark, cited Malcom Grant, Sir Bruce Keogh and others. I cite Jim Mackey, the head of NHS Improvement, who said, in the light of the Budget,

[LORD O'SHAUGHNESSY]

“news that the pay award will be funded in full is very welcome, as is additional revenue, starting this winter and over the next couple of years”.

As a consequence of the funding that we have put into the NHS, despite the necessary fiscal readjustment we had to undertake to reduce the historic deficit left in 2010, the proportion of public spending consumed by the NHS has grown. That is not an overblown statement; it is a fact, and it is a mark of this Government's and this party's commitment to our cherished NHS.

I understand that there are huge concerns about the long-term sustainability of the health and social care services in the future. I understand the appeal of a royal commission, convention or some such although, like the noble Baroness, Lady Pitkeathley, I am sceptical about the need for it at this time. Several noble Lords have served Governments who have had commissions of this kind—and we know what those reports are doing, as she pointed out. Therefore, I think it is important for us just to move ahead. I recognise that my department's response to the Lords Long-term Sustainability of the NHS Committee has been too slow. I have had a useful note from my officials during this debate which will enable me to commit to publish it very shortly.

As regards the workforce of the NHS, we all know, and have recognised today, that our growing and ageing population continues to create increased demand and activity, and this means that there has been a need to recruit more staff. We have been working hard to do this. That is why, as several noble Lords have pointed out, there are some 10,000 more nurses on wards and more midwives and health visitors. Over 50,000 nurses are in training and there is an increase in medical training places. Those are the facts. A particular example of our approach is the determination to transform the NHS workforce through apprenticeships. It was good to hear the noble Lord, Lord MacKenzie, welcome the fact that we recently announced an expansion in the numbers of nursing associates. Plans will see 5,000 nursing associates trained through the apprentice route in 2018 and 7,500 in 2019. I will certainly look at the issue of naming. It is quite wrong that they should be wrongly named because the name that they have been given is specific to the functions that they perform. I shall write to him on that issue. We expect that once this new route into nursing is established, up to 1,000 apprentice nurses could join the NHS every year, benefiting staff and patients.

We had the opportunity yesterday to discuss the issue of nurse bursaries and they evoke passionate responses across the House, not least from the noble Lord, Lord Clark, whose paramount concern I know is making sure that the NHS has the staff it needs to deliver the quality of care we all demand of it. I have outlined why we made changes in the system and do not suggest that anyone particularly wants to hear me reprise that, but it was done to put nursing on a more equitable basis with other university degrees. We moved away from centrally imposed number controls and financial limitations. Furthermore, through additional clinical placement funding announced this summer and further funding in October this year, around 5,000 more nursing students will be able to enter

training through funded clinical placements each year to 2020-21. I certainly take on board the point that the noble Baroness, Lady Emerton, made about looking at their training and making sure that it is as multidisciplinary as possible. As a result, in the future NHS employers, as well as those in the independent, care and voluntary sectors, will have a larger pool of highly qualified homegrown staff available.

Noble Lords asked whether the NHS has enough staff. The most recent workforce figures show something like 30,000 more clinically qualified staff working in the NHS over the last seven years. We can argue about whether that is enough but it is more than a 60% increase at a time when, as we all know, there have been difficult fiscal decisions to make. We know that increased supply is only one part of the equation, which is why NHS Improvement has launched a new programme to improve staff retention and reduce leaver rates. This includes, among other things, targeted support for all mental health providers to improve the retention rates of all staff groups within these trusts, and an intensive package of clinically led support targeted at providers with above average leaver rates for nurses. However, as the noble Baroness, Lady Jolly, said, probably the greatest way to retain staff is to ensure that they are properly paid. That is why we have introduced the new national living wage to make sure that lower-paid staff groups in the NHS and social care, whose work the noble Baroness, Lady Donaghy, rightly lauded, see increases in their pay packets, and why I warmly welcome—as did my noble friend Lady Redfern—the commitment in the Budget to end the pay gap and to fund the Agenda for Change pay negotiation package that is agreed, subject to reasonable conditions about improved productivity, which, for example, might be to do with the better use of technology and demonstrable beneficial impacts on recruitment and retention. My noble friend Lady Redfern also pointed to the recent announcement we made on using NHS disposable surplus land to provide homes for staff. Again, that is a very welcome gesture.

We also need to attract back staff who have left the profession. The noble Baroness, Lady Jolly, asked particularly about this issue. I reassure her that, since September 2014, Health Education England has supported over 3,500 nurses to successfully complete the nursing return-to-practice programme and they are now ready for employment. It has also worked with the Government Equalities Office in creating a national allied health professional return-to-practice campaign to make 300 professionals available for the workforce in a couple of years' time.

I come to the Brexit section—we have to do it. Several noble Lords asked about the impact of Brexit. I think it would be churlish of me to point out that 80% of the vote in the most recent general election was for parties whose manifestos committed us to leaving the European Union. But, more importantly, if noble Lords look at the data on EU staff in post in the National Health Service and compare it from the month of the referendum to a year later, they will see that there was actually a small increase in the number of EU staff working in the NHS. I take this opportunity to send a message to those staff that we value them,

want them to stay and want to deal with the issue of citizens' rights with the EU as soon as possible in the next phase of negotiation.

If we want to deliver world-class staff, we need enough of them. We need them to stay in the service and have working conditions that will allow them to thrive, professionally and personally. This is why our manifesto committed us to encourage flexible working, improve health and well-being and take action against those who attack or abuse NHS staff. The NHS has to keep pace with increasing demand but it cannot do this if it is out of step with the demands of modern family life. We know that caring responsibilities are most likely to fall to women, who make up around two-thirds of the NHS workforce. As the noble Baroness, Lady Donaghy, pointed out, inflexibility leads staff to work for agencies, diverting resources away from the NHS which could be invested in the permanent workforce. I reassure the noble Lord, Lord Clark, that we are reducing spend on agencies. He was right to point to the jargon in my Written Answer to him. I was obviously having an off day and did not spot it—either that or I have gone native, but I am usually quite good at striking it out. I think the point that it was trying to make was that you can recruit agency staff, but the agencies must first be approved. However, we could certainly have expressed that better. Our aim is to discourage the use of agencies by improving the staff banks that trusts use, making it easier for staff to work flexibly, pick up extra shifts at short notice and be paid quickly. Next year, we will pilot a new network of modern staff banks across the NHS. I give noble Lords an example of how that is working. Milton Keynes had very low take-up of bank shifts, leading to a disproportionate reliance on agencies. It developed a new system, including an app, and, as a result, shifts filled within 30 minutes of being advertised on the app and agency shifts reduced from historic high levels of 600 per week down to 300. That is impressive but I think we can do more.

It is also crucial that employers pay close attention to and invest in the health and well-being of their staff. Reducing sickness absence improves productivity, the quality and continuity of patient care and saves money. That is why NHS England's commissioning for quality and innovation initiative will allow for quicker access to a range of health services such as musculoskeletal and mental health services for NHS staff.

Bullying can be one the greatest causes of ill health and staff unhappiness and, unfortunately, we know that bullying rates in the NHS are too high. It is completely unacceptable, which is why in July 2016 senior NHS leaders and the Social Partnership Forum developed a collective call for action. We are committed to working with the health system and, critically, trade union leaders through the Social Partnership Forum to tackle violence and abuse against staff. That is a key priority.

The Government have also been supporting Chris Bryant MP's Bill in its passage through Parliament. The Bill, drafted with the assistance of the Home Office and the Ministry of Justice, will provide police and courts with effective powers to deal with those who use violence against emergency workers. Everybody in the House will agree that it is completely unacceptable

that staff should be at risk of harm, simply for doing their job. Employers have a duty of care to all their staff and must take all the necessary steps, including disciplinary action where required, to put a stop to it.

The noble Lord, Lord Hunt, made a point about subsidiary companies. I am not aware of that issue but I will certainly investigate it and write to him; I will place a copy of the letter in the Library.

In conclusion, despite the difficult but necessary decisions that this Government and the coalition Government before them had to take, NHS funding is at record levels, with more doctors, more nurses on wards and more operations being performed than ever before. Survival rates are at a record high. Last year, the NHS treated more people than ever, which was possible only through the commitment and dedication of NHS staff.

However, we understand that we cannot rest on our laurels, and that the NHS must continue to attract and keep the staff it needs to be the best it can be. Staff choose a career in the NHS not just because of pay, but because they want to help to improve the lives of the patients who rely on them, whether in hospital or in the community. We want to create an NHS in which staff want to work and feel valued for that work, where they are motivated and feel safe, and where bullying and harassment are not tolerated. With record funding and innovative policy solutions, this Government are committed to delivering that as the NHS reaches its 70th year.

2.01 pm

Lord Clark of Windermere: My Lords, I thank the Minister for his reply. I began the debate by commenting that, having seen the list of speakers, I expected a first-class, thoughtful debate. I have not been let down. I thought that the debate was excellent. I want to single out, if I may, the noble Baroness, Lady Emerton. I felt privileged and honoured to hear her contribution. More than anything, I love the fact that she has retained the enthusiasm for and belief in the NHS that she took into her nurse training in 1953. I thank her very much for allowing us to share that. We have all certainly gained from it.

I hope that the Minister agrees that this has been a thoughtful debate. I have learned quite a lot from it and I hope that he has too. I hope that he will take up the spirit that came from three sides of this House—if we can have three sides here—because there is unease with our health service. However, we want the Government to succeed because we want the NHS to succeed.

Motion agreed.

Improving Lives: The Future of Work, Health and Disability

Statement

2.03 pm

The Parliamentary Under-Secretary of State, Department for Work and Pensions (Baroness Buscombe) (Con): My Lords, with the leave of the House, I shall repeat a Statement made by my right honourable friend the Secretary of State for Work and Pensions in the House in Commons regarding work and health. The Statement is as follows:

[BARONESS BUSCOMBE]

“With permission, Mr Speaker, I would like to make a Statement on the Command Paper being published today by my department and the Department of Health.

Good work promotes good health. It enables people to be economically independent, and gives them more choices and opportunities to fulfil other ambitions in life. A country that works for everyone needs to ensure that all who can work or undertake meaningful activity have the chance to do so, and that the right care and support are in place to enable all to thrive in work throughout their lives.

Our labour market is in its strongest position for years, with the United Kingdom employment rate at a near-historic high of 75%, and over 530,000 more disabled people in work than four years ago. Despite this, only around half of disabled people are in work, but many disabled people and people with health conditions can and want to work. This means that too many people are missing the opportunity to develop their talents, and to connect with the world of work and the range of positive impacts that come with doing so—including good health and social outcomes. That is why it is important that we act now.

With around one in six working-age adults reporting a disability, it is clear that health and disability issues affect the working lives of millions of people. The majority of long-term health conditions are acquired in adulthood, and in an ageing population, inclusive work places are imperative. That is why, in our manifesto, this Government pledged to see 1 million more disabled people in work over the next 10 years. This is as much about preventing people from falling out of work as it is about supporting them into work. This requires a comprehensive and wide-ranging programme of action.

Last year, we published *Improving Lives: The Work, Health and Disability Green Paper*, setting out the Government’s new and ambitious approach to this issue; it marked the start of a new era in joint working between the welfare and health systems. Our 15-week consultation on the next 10 years of reform sought input from disabled people and those with health conditions, their families, employers and a range of stakeholders. The consultation was supported by 166 accessible events, and received around 6,000 responses.

Today, we are publishing *Improving Lives: the Future of Work, Health and Disability*, setting out our response to the Green Paper consultation and the next steps we will take to deliver our vision. Changes in the nature of work and more flexible working models benefit a wider range of people, and new advances in technology offer more opportunities than ever before. For example, accessible hardware and software, and developments in apps and wearable technology, make it easier for employers to offer flexibility and adaptations to their staff. Small businesses and large employers alike are already implementing these solutions for their employees, and it is for government to help to set the direction and stimulate good ideas.

We know that the barriers to moving into work and staying in work are different for each person, depending on the nature of their health condition or disability, their aspirations and individual circumstances. We need

to work directly with people who experience these barriers to identify solutions that will work. We want to build an approach that is responsive and caters for every scenario, with the individual at its heart.

The change needed is not one that government can deliver on its own. Across the country, there are striking examples of what can be achieved when employers, charities and healthcare professionals work together locally, but government can help to create the conditions for success. In the workplace, employers should have the confidence to recruit and retain disabled people and those with health conditions, and to create healthy and inclusive workplaces where all employees can thrive and progress. The best employers have already realised the business benefits of hiring disabled people, and while there are many examples of good practice, we want to go further.

This Command Paper responds to what we heard in the consultation, and to the findings of *Thriving at Work: The Stevenson/Farmer Review of Mental Health and Employers*. We will improve advice and support for employers of all sizes, working in partnership with them—together with disabled people and other stakeholders—to bring together information and advice that meets businesses’ needs. We will also make significant enhancements to the Access to Work scheme, including increasing the capacity of its mental health support service.

To support a key recommendation of the Stevenson/Farmer review, we will establish a voluntary framework approach for large employers to report on mental health and disability within their workforce. We are also preparing a consultation on changes to statutory sick pay, and will run a cross-government programme of analysis and research to examine the incentives and expectations that influence employers’ decisions in this area. We will report back on this preliminary work next year.

We will build on the key role that the welfare system plays in supporting disabled people and those with health conditions to enter work where possible by developing a more personalised and tailored approach to employment support. We will continue to learn; for example, through voluntary trials to help us to build an effective offer of support that meets the needs of those in the support group. We will continue to improve the assessment process while building our evidence base, including working with external stakeholders, to take forward reform of the work capability assessment.

Health and care professionals are vital in supporting disabled people and those with health conditions to achieve their employment potential. We will work with and support health professionals with the tools and techniques they need to have supportive conversations with patients about work and health. We are doubling the number of work and health champions and investing around £39 million to more than double the number of employment advisers in Improving Access to Psychological Therapies services. We will also conduct large-scale randomised controlled trials delivering employment support in a health setting in the West Midlands and Sheffield City Region, beginning by March 2018.

Alongside this Command Paper, I am announcing the next steps for the Fit for Work service. Established in December 2014, it offers general health and work advice to employees, employers and GPs, through a phone line, webchat service and website. Since 2015, it has also provided occupational health assessments for employees at risk of long-term sickness absence, with advice on how they can be supported to return to work and remain in employment. However, referrals of cases to the service by employers and GPs have been much lower than expected. For instance, there have been only around 650 referrals per month in England and Wales, compared to the 34,000 forecast, and 100 a month in Scotland, compared with the estimated 4,200. By contrast, use of the advice line, webchats and Fit for Work website has exceeded expectations. I am therefore ending the contracts for the provision of the assessments service both in England and Wales and in Scotland while ensuring continued access to the Fit for Work online and phone services. These will continue to offer general health and work advice as well as support on sickness absence.

The Government are also announcing the appointment of an expert working group on occupational health to champion and drive a programme of work, taking an in-depth look at the sector. To inform policy development, we have commissioned research to better understand current market supply and delivery of occupational health provision. This research will look at local partnership models to integrate health and wider support, and will report in 2019. We will also take account of the lessons from the Fit for Work service as we move forward.

The Government are laying the foundations for a 10-year programme of change. Everyone has their own part to play to achieve this ambitious vision for a society in which all disabled people and people with long-term health conditions are able to go as far as their talents will take them. I commend this Statement to the House”.

My Lords, that concludes the Statement.

2.12 pm

Baroness Sherlock (Lab): My Lords, I thank the Minister for repeating the Statement and for advance sight of it.

I am sure that we all share the same ambition: to become the kind of society where all people, including people with a disability, can have the opportunity to fulfil their potential. For most that will mean the chance to take on meaningful work, but any strategy to support that aim must also be set alongside a commitment to give adequate support so that those who cannot provide for themselves through work can be assured of being able to live in comfort and dignity. I will briefly do three things: welcome the parts of the strategy which are going in the right direction, flag up concerns, and then ask the Minister some questions at the end.

I welcome the focus on disability employment, and some of the steps announced today will undoubtedly be helpful. I welcome the ongoing commitment to work with employers, and in particular the commitment to work directly with disabled people who experience

barriers to work, to identify solutions. They are of course by far the best-placed people to understand what those barriers are. I welcome the attention given to what public sector employers and the Civil Service can do, and I encourage Ministers to go even further in that direction in leading the way. I am glad that Ministers are considering carefully the recommendations of both the Stevenson/Farmer review and the Taylor review, and I look forward to hearing more about those in due course. I also welcome the attempt to link up both sectors and different parts of society in trying to address the problem. In the end, only a cross-departmental approach and a cross-sectoral approach will make a difference.

However, there are some significant problems with the document published today, or at least the context for it. First, I could not find in my first reading enough detail to allow us to assess whether the Government are putting enough resources behind this strategy to make a difference. Secondly, I am a bit worried about the timescale, which seems to have been pushed quite a long way back. The Government’s previous commitment was to halve the disability employment gap by 2020. Their new commitment is about getting more disabled people into work within 10 years. We are seeing the results of that, as far as I can understand the timeline; perhaps the Minister can help me. There is a timeline for what will happen, but some of the hardest actions here have no hard deadlines; for example, the commitment to engage in further reform of the work capability assessment; the response to the Taylor recommendations on SSP and the right to return after absence; and the Stevenson/Farmer proposals on extending certification of fit notes. I hope that I am misreading it, but it looks as if most of those are in the section headed “Future actions”, which could be run until 2027. That simply will not be soon enough. I very much hope that it will not be the case.

Thirdly, I am concerned that in some areas the actions do not deal with the core problem. The most obvious of those is the work capability assessment. The Government consulted on a proposal to split parts of the assessment but there was not unanimous support for that from respondents. In fact, there is now a widespread view that the WCA simply is not fit for purpose. Leonard Cheshire said in response:

“We’ve consistently highlighted that work capability assessments are not fit for purpose and the system needs a complete overhaul”. Precisely. That is a widespread view, and I am afraid that what is being done today will not address that fundamental problem.

I am also concerned that there is nothing about the impact of social security reform on the ability of sick and disabled people to prepare for work, to get jobs and to keep them. In fact, there have been repeated cuts in support for disabled people, of which only the most recent was the decision not to bring across into universal credit the severe disability premium, which was worth £3,200 a year for a single person. The Government have always refused to conduct a cumulative impact assessment. One of the problems with that is that they do not know what the consequences have been for disabled people of their decision repeatedly to cut or to change the social security system. If there is a strategy on the one hand to support people getting

[BARONESS SHERLOCK]

jobs, but a completely independent approach to social security, which is Treasury-driven and keeps cutting the benefits that help people to manage work, inevitably the two are not sitting together. So I do not think that the Government have been able to look at this whole position in the round.

I would like to ask the Minister some questions. First, how much extra money is being announced today other than that scored previously to support the moving of disabled people into work? Secondly, can the Minister be more precise on timings? When will the Government consult on reform to SSP and on legislating to extend the authorisation of fit notes? Thirdly, what is there in this strategy to support disabled people who are not either in jobs or on disability benefits like ESA? I think, for example, of the issue raised by Mencap of the hundreds of thousands of people with mild or moderate learning disabilities, who do not get any help from either ESA or social services but are struggling to get work.

Will the Government commit to a fundamental overhaul of the WCA at some point during the lifetime of this strategy? I would like to see it done straight away, but I would be grateful if they could at least commit that that will happen. Finally, what work is being undertaken to test the processes for applying for universal credit to ensure that they are suitable for all disabled people before the system is rolled out any further? If that does not work, any attempts to help people to apply for jobs will fail if they cannot get the support they need to be able to maintain them when they get there.

We all want to see disabled people supported into work. However, for this to become a reality, the Government need to put their money behind their promises and push themselves to be ever more ambitious. I look forward to the Minister's reply.

Lord Addington (LD): My Lords, I thank the Minister for repeating the Statement. It is also time that I declared a few interests that are relevant here: I am president of the British Dyslexia Association and chairman of a company called Microlink PC. That is important because Microlink provides assistive technology and designs support for those who are disabled and in work or education, starting with education.

As I went through this document and scanned the original one it became clear that we have hit the buffers, the point at which a great idea hits the practicalities and starts to fracture in terms of what can be done. My own disability—and the one that the group that I work for is concerned with—is regarded as an education disability. In fact, we are the biggest disability group, as those in the neurodiverse group make up 15% of the population. Very little in this document refers to this group. Our problems relate not to accessing buildings but to accessing systems involving, for example, computers or paperwork. This document does not really seem to have got hold of that. It has missed a group. It has also missed a group when it comes to access problems when dealing with, for example, form-filling and work and pensions support. Therefore, when the noble Baroness talks about assistive technology, will she make sure that every single government website is accessible through

the assistive technology of voice recognition? If she cannot answer that, she has effectively already broken the terms of the Equality Act for this group.

To carry on in that vein, we all know that each group considers the problems they have to be the most serious, but other groups will emphasise the importance of other activities. However, one important question is: are people being maintained in work? Access to work—it is one thing that I can give a rousing cheer to—is probably the best kept secret. It is the most underused thing in the Government's arsenal. Expanding that to support for maintaining people in work and allowing them to expand or change their roles will encourage people to stay on.

We have also been talking about mental health. A person with a disability generally suffers more stress, and stress can trigger or create mental health problems. Are we making sure that people are maintained and supported in jobs and allowed to expand their roles? Once again, I am not absolutely sure about that. There is a great deal of emphasis on getting people into work but not on maintaining them in work and giving them a career into the future. I would like to know where the emphasis is there.

So we seem to be missing a large group—dyslexics, dyspraxics and dyscalculics—and, to a lesser extent, those with high-functioning autism. They do not seem to have been referenced here, probably because, to be perfectly honest, they are a lower priority in the Department of Health. How will we access these groups? How will we make sure that individual support is available and that people can get the right support? Nearly 20 years ago when the noble Baroness, Lady Hollis, was the Minister in charge in this area, I had a ritual dance with her when we talked about the interview. Are the Government going to allow the person who conducts the interview to call in an expert? The interviewer will be awfully well trained but will an expert be brought in? If not, things will go wrong. Unless the noble Baroness can give me an assurance that some expertise will be structured in, the problems will continue. Expertise is needed to deal with the individual cocktail of needs in individual cases. Unless we can start to address these questions, we will continue to fail in this area.

Baroness Buscombe: I thank the noble Baroness opposite for her support thus far in terms of the overall response to the Command Paper, and I will do my best to reply to the many questions that she and the noble Lord, Lord Addington, have raised.

I want to make it clear that I welcome the noble Baroness's constructive contribution. It is important to say that this is a programme aimed at helping people into work and to stay in work. I say immediately to the noble Lord, Lord Addington, that we will not ignore any group of people or any individuals. That is the purpose of bringing together, to the best of our ability, work, welfare and social interaction. This is a holistic approach which, I think all noble Lords will agree, we have been looking for and waiting for for years. We are very proud that we will be able to focus on work, health and disability as one. We say that work enables every person to be economically independent. It boosts their confidence and gives them more choices and opportunities to fulfil other ambitions in life.

The noble Baroness was very clear in her question about the finances. This is about more than just the over £50 billion that we are spending on those with disabilities or health conditions. As announced in SR15, we are increasing investment in employment support for people with disabilities or health conditions in real terms over this spending review period. This includes building the evidence base for what does and does not work, investing in Access to Work and rolling out a personal support package of tailored employment support initiatives. We have committed to invest £330 million of funding over four years in support for people with limited capability for work as part of the personal support package. Last year, we spent £104 million on the demand-led Access to Work scheme, up from £97 million in 2015-16. The number of people who had Access to Work support last year rose 8% to over 25,000. In addition, further customers received payments for support agreed in previous years.

We are investing up to £115 million of funding to develop new models of support to help people into work when they are managing a long-term health condition or disability. We will be providing an extra £15 million a year in 2017-18 and 2018-19 for our flexible support fund so that local managers can buy services, including mentoring, and better engage the third sector—which is a very important part of this holistic approach—in their community to help disabled people and those with health conditions.

With regard to the work capability assessment, it is important to say that in our manifesto we committed to legislate to give unemployed disabled people and people with health conditions personalised and tailored employment support. We heard broad support for WCA reform proposed in the Green Paper but there was no consensus on what the right model of WCA reform would look like. We know that we need to get reform right and will therefore focus on working with external stakeholders in testing new approaches to build on our evidence base for longer-term legislative change. This will require primary legislation, but noble Lords are all too aware of the constraints that there will be in that regard in the near future. In the meantime, we are delivering on our commitment to personalised and tailored employment support with the introduction of our new personal support package. We are also committed to continuing to improve the WCA. Recent reform included stopping reassessments for people on ESA and UC with the most severe lifelong conditions.

We want to reform statutory sick pay so that it supports more flexible working, which can help people remain in or return to work if they are unwell. With regard to disability employment, we have added 300 additional disability employment advisers and have begun introducing 200 new community partners. We absolutely accept what the noble Lord, Lord Addington, said about the importance of having work coaches with the right expertise and skills, and that is something on which we are very much focusing.

In terms of UC, we are also focusing our efforts and thoughts on in-work progression, which is very important. This is not about helping people into work and then leaving them there; it is about prevention, getting people into work and helping them to remain in work. That is one reason why it is very important

that we have this very strong, joined-up approach with our colleagues in the NHS, asking how we can manage mental health, for example, in the short to medium term as well as in the long term. Of course, the Farmer/Stevenson review is an enormous encouragement to us. As noble Lords will know, we have already accepted all its recommendations.

The noble Lord, Lord Addington, asked about assistive technology, and he was absolutely right to do so. One individual who has particular difficulties said, “Without assistive technology such as voice recognition and the help of Access to Work in providing me with a support worker, I would not be able to compete in the job market and therefore would not be in employment”. His name is Tom and he sustained a serious neck injury in 2007. He is now using this brilliant technology and is thriving in work. We want all employers to reach the standards of the best and that is why we will work with them.

I hope that I have begun to answer some of the many questions noble Lords have asked. I reiterate that there are now around 600,000 more disabled people in work since 2014. We are making progress and this Command Paper will contribute to that.

2.30 pm

Lord Low of Dalston (CB): My Lords, I welcome the Government’s objective to get 1 million more disabled people into employment over the next 10 years. The Minister will recall the review, *Halving the Gap*, which I led with the noble Baronesses, Lady Grey-Thompson and Lady Meacher, with support from disability charities. That review looked specifically at the £30 a week cut to employment and support allowance and the corresponding limited capability for work component of universal credit. Over half of the disabled people who responded to our call for evidence said that the cut would push them further from the workplace rather than closer to it. Does the Minister agree that, in the light of that, it is time to reconsider this damaging cut, which can only have the effect of making it more difficult for the Government to achieve their objective?

Baroness Buscombe: As the noble Lord, Lord Low, will know, employment and support allowance was introduced in 2008 to replace incapacity benefit and income support. Since the ESA, as we call it, was introduced, we have conducted five independent reviews of the work capability assessment and have accepted and implemented the majority of recommendations. As to cuts, we spend more than £50 billion a year on benefits to support disabled people and people with health conditions, an increase of more than £7 billion since 2010. This is 2.5% of GDP and over 6% of government spending. This demonstrates that we are doing all we can to support the very people the noble Lord references.

Lord Sterling of Plaistow (Con): My Lords, I come at this subject from two directions: I am chairman of Motability, which has been involved in this for 40-odd years; and I welcome this initiative for the simple reason that it is an all-party one that has nothing whatever to do with party politics. Everyone, in both Houses, has empathy with finding answers to these problems and difficulties.

[LORD STERLING OF PLAISTOW]

From the Motability point of view, sadly, only 16% of our customers between the age of 16 and 64 have jobs. That happens to be identical with the figure for those with autism. I have a young grandson who is autistic and I have spent a great deal of time looking into some of these difficulties and problems.

One interesting factor is nervousness among the workforce. People do not know and feel nervous about having disabled people working with them. The more that you go round explaining the pros and cons, the better. People are worried about simple things such as, “Suppose he wants to go to the toilet. Who is going to take him?”, or “Where do we do this?”, or “How do we handle that?”. Once the workforce feels comfortable, it can change dramatically.

On the wider front, in the educational field—in the long term as against the short term—it should become law that everyone who teaches, no matter at what level, should know something about how to handle disabled people. A key factor is the huge amount of bullying in schools. If every single headmaster and headmistress of every single school was trained in how to handle disability, it would make all the difference. It should be a rule that they should have this training, otherwise they cannot be a headmaster or headmistress.

I raise that issue because there is a great shortage of educational psychologists. As a society, we try to get everyone else to be what we think is normal, but we do not adapt. If we adapted more closely, it would make all the difference. I cannot support more fully the fact that the Government—and, hopefully, everyone in this House—want to find the right answers.

Baroness Buscombe: My Lords, I thank my noble friend Lord Sterling for his contribution. I commend him and pay tribute to the work that he has done with Motability. The Government recognise the valuable service that Motability provides to those with disabilities and health conditions, and we look forward to continuing to work closely with it.

My noble friend recognises that not enough disabled people are in employment. We feel that we have come a long way, but we have a lot further to go. That is why we have set out this ambitious wish to have 1 million more people with disabilities employed over the next 10 years. That is why it is important that we work with groups such as Motability and others to make this happen.

My noble friend is absolutely right that this is not about party politics. Indeed, in welcoming this report, the Mayor for London said this morning that it is time to put party politics aside on this issue. It is, frankly, too important.

My noble friend referred to making employers less nervous. I agree. That is why we are working hard in that area to encourage more employers to come on board. We have launched the Disability Confident business leaders group and started roll-out of the Small Employer Offer and Community Partners. We know some employers want more help to be able confidently to support disabled people in work, and that is why we will do more to improve advice and support: researching and identifying solutions with employers to bring together advice that is easy to find

and use; improving access to work by increasing the capacity of the mental health support service; trialling personal budgets; creating an expectation that equipment will move with individuals when they move jobs—which is very important and we have to be practical about it; warm words are not enough—and increasing the reach and effectiveness of Disability Confident.

I take on board my noble friend’s reference to not making it law but encouraging everyone to understand and work with those with disability from an early age. That would make all the difference in the world.

Lord McKenzie of Luton (Lab): My Lords, in introducing the Statement, the Minister promulgated the importance of work being good for people’s health and well-being. We agree with that—it is Waddell and Burton going back over a decade. The Minister referred to “good work” when she focused on this issue. Can she say how “good work” is characterised for these purposes, as opposed to the opposite, particularly in the context of limited and variable-hours contracts?

Baroness Buscombe: My Lords, good work is about supporting people to stay in work as well as supporting them to move into employment; making them feel comfortable in healthier workplaces, while offering the right support for staff to help keep them productive and engaged in work; utilising the broad spectrum of the health system to promote good health; and helping individuals to better manage their conditions. We genuinely believe that people who are in work need proper support; otherwise, their roles will not be sustainable. Too many people are not staying in work once they are in there. Our true definition of good work is where people feel able to cope, continue to feel able to cope and can progress within the workplace. Good work for individuals is not being seen as having been given a job—that is good enough. That is not good enough for us, and that is what we must focus on.

On the issue of employment contracts and so on, we want to ensure that people are able to work in a way that is sustainable. Many people working on zero-hours contracts, for example, find that they are better able to cope with their work/life balance and so on in that environment.

Baroness Manzoor (Con): My Lords, I, too, welcome the Command Paper. As the Minister has already said, it is a really important initiative and it is a holistic approach to tackling a very important issue. People with disabilities have a right to be able to access employment and to be supported in work. Therefore, I welcome the £115 million that the Minister has announced today for new models of working. I also liked, by the way, the aim of halving the disability gap by 2020, so I am keen that we continue to keep that focus in mind. What I am concerned about is that perhaps some employers may choose the less severe end of disabilities in focusing their efforts, rather than looking at the whole range of disabilities across the full spectrum.

Baroness Buscombe: I thank my noble friend for her question. The reality is that is why we are very pleased with the recommendations of the Stevenson/Farmer review. My noble friend is absolutely right that we

have to encourage employers, large and small, to understand that what might superficially appear to be a lesser disability—or a more severe disability—should not enter the decision in terms of taking somebody on board. The reality is that we need to do more to work with people in occupational health and to find different ways to encourage employers to support those with disabilities. Also, one of the things we are very keen on is working with the third sector and charities—for example, the Samaritans, which is particularly close to my heart—to act as a backstop and support to employers so that employers can feel more confident about taking people with disabilities on board.

Baroness Donaghy (Lab): My Lords, I support everything that my noble friend Lady Sherlock said. She mentioned that the Government have not done a cumulative impact assessment on the social security cuts, but the Equality and Human Rights Commission has. It says that, since 2010, households with a disabled adult and disabled child have lost over £5,500 pounds per year on average. How does the Government's new strategy address these losses?

Baroness Buscombe: My Lords, I have to say that we do not recognise the findings of the EHRC, because the analysis does not provide a full picture; it looks only at a particular subset of disabled people and does not include analysis on changes beyond tax and welfare. It will, therefore, present a skewed picture.

Lord Beecham (Lab): My Lords, can the noble Baroness indicate the extent to which the interesting proposals in the Statement would apply to people who are not technically employed—that is to say the people in the so-called gig economy?

Baroness Buscombe: My Lords, I think it is right to say that in the first instance, or at the moment, our focus is about getting as many people as possible into employment. The issue with the gig economy is that we then cannot ensure that all the support systems that need to be provided will be there, but that is certainly something I am sure will be at the forefront of the minds of those who are taking the Stevenson/Farmer review forward—and also working with the Matthew Taylor review—in terms of finding every way to ensure that whoever is doing whatever form of work in the United Kingdom is properly supported.

Inequalities

Motion to Take Note

2.43 pm

Moved by Lord Liddle

To move that this House takes note of the case for a comprehensive agenda to address regional and national inequalities within the United Kingdom.

Lord Liddle (Lab): My Lords, I draw attention to my interests in the register as a member of Cumbria County Council and as pro-chancellor and chairman of Lancaster University.

The United Kingdom, England in particular, has a massive problem of regional inequality. It is growing and though there is a political consensus that “something

must be done”, what is being done is incoherent, underfunded and does not yet match the scale of the challenge. We saw this in two government reports published this week. The industrial strategy document highlighted in one of its tables the enormous productivity gap between London and the south-east and some of the other regions in the country. On Tuesday, the *State of the Nation* report from the Social Mobility Commission, chaired by my good friend Alan Milburn—I wish he was still in politics—painted an extraordinarily bleak picture. The commission's report said:

“The UK now has greater regional disparities in economic performance than any other European country”.

Just reflect on that for a moment: greater disparity than that between northern Italy and the Mezzogiorno and greater disparity than there is between prosperous southern Germany and the eastern Länder. If I may add my own aside on that, this is before Brexit and the disappearance of the European structural funds that have, over the years, been one of the few consistently reliable sources of money for physical and economic regeneration. We still have no guarantee of what will happen to this vital source of regional investment in the longer term. I do not know whether the Minister has news for us today. I doubt it, but it is something that the Government will have to speak about.

Since the great depression of the 1930s, our prosperity has been overwhelmingly driven by London and the south-east. There are also big differences in public spending per head between northern and southern regions. The estimate of the Social Mobility Commission is that this comes to £6 billion a year. Even where public spending is relatively generous per head, as it is in the north-east, it is important to look at the composition: almost half of public spending in the north-east goes on welfare payments and only 6% on stimulating the regional economy through investment in science, employment and transport. In London, despite pockets of great inner-city deprivation, only a third of public spending goes on welfare and 12% is spent on economic regeneration.

Of course, there is a more variegated picture than the regional picture: coastal towns in the south have done badly, as well as other parts of the country. There is one interesting fact that the commission brings out: in thinking today of Kensington and Chelsea, we think of the awful tragedy of Grenfell Tower. But in K&C borough, 50% of disadvantaged youngsters get to university. Do you know what the figure is for Barnsley, Eastbourne and Hastings? It is less than 10%. Therefore, on the creation of social mobility, as well as on inequality, the regional picture is pretty gloomy. It is a matter of great concern to me as a Carlisle lad that Carlisle is fifth worst blackspot in Britain for social mobility, while the area I represent on Cumbria County Council—Wigton in Allerdale district—is the sixth worst. We need something to be done. It is not good enough to say that we are anti society's ills, particularly if you are on the progressive left. We win only when we offer solutions.

As for the past, Labour can say that it helped invent regional policy. My grandfather was a miner in west Cumbria. His pit closed in 1926 and no one worked in the area until the Second World War. It was the Distribution of Industry Act 1945, passed under the

[LORD LIDDLE]

wartime coalition when Hugh Dalton was president of the Board of Trade that started the process of development areas, the building of advanced factories on new estates, and the putting in place of a system of licences, grants and aids that helped transform these depressed areas. That achievement was built on with great success by the Wilson Governments of the 1960s with investment grants, regional employment premia and all of that.

We have to find a way to devise a credible regional policy for modern economic conditions. What we did then will not work. Britain is unlikely to attract major new manufacturing plants. Small firms are the major source of employment growth. Services are Britain's major competitive strength. It is a new generation of innovation and high-tech entrepreneurs who are likely to deliver the best jobs for the future.

What needs to be prioritised? For me, connectivity, both digital and rail, is very important. I remain a committed supporter of HS2 as potentially a great uniter of the divided north and south economies. He is not here, but I greatly admired my noble friend Lord Adonis's lecture on the future of London, in which he talked about HS2 facilitating a great golden arrow of economic integration between the north, the Midlands and the south. I am with him on this, but with an important qualification: I would like the golden arrow to point north rather than south. For instance, I want it to be feasible as a result of HS2 to shift whole government departments out of London, with fast connectivity to the capital to attend occasional ministerial meetings. In fact, to be cheeky, I suggest that we relocate Defra to my native Cumbria, where the civil servants could hop out of their office and look at the practical consequences of policies on farming, fishing, environmental management and flooding.

In research and innovation, better connectivity will stretch the golden triangle of our university research north-west, I hope to the excellent Lancaster University, which I chair, and, in the north-east, to Durham and Newcastle. I greatly applaud the Government's commitment to expand the nation's research and innovation budget. However, at present, 46% of that goes to Oxbridge and the top London institutions. A modern regional policy would set a target for the new UK Research and Innovation to reduce their share to, say, 30% of a greatly expanded budget. The way to do this is with the science and innovation audits presently being conducted area by area. Risky decisions have to be taken to back job creation and innovation outside the present golden triangle, because the north has to become a magnet. The Government have to help design that magnet for this new generation of entrepreneurs, scientists and engineers. Here, it is important that we continue to encourage overseas academics to work in Britain and that we have a generous policy towards refugees—often brilliant people whose countries deny them basic freedoms, who want to come and work in Britain. They should be encouraged to work in the regions.

The north needs more investment than HS2. I am disappointed that the Government have not made a commitment to getting on with HS3. We need modern transport hubs at every level. Again to quote a local example, the journey time from Carlisle to Manchester

Airport is getting on for two and a half hours. It takes only three and a quarter hours to get to London. We have to improve services within the regions. When you get to Carlisle, if you are going to Sellafield, the greatest nuclear site, it takes an hour and a half on the train to get there westwards. If you are going to Newcastle, it takes you more than an hour and a half to cover 60 miles to the east. We have to improve that connectivity.

How is all this to be paid for? I am not in favour of robbing London to pay for investment in the north. I support Crossrail 2—I see the economic case for it—but London is a very rich place with a huge tax base. I would like the Government to give London's mayor expanded powers to raise revenues from that rich tax base. I would start by putting additional council tax bands at the top end on expensive properties. That would release more national funds for the north.

In the 1960s, Labour used to self-confidently make the argument for regional policy on the grounds that it was in the interests of London as well as the north to have a better-balanced distribution of growth across the whole country. That was relevant then and is even more relevant now in taking the pressure off house prices and creating exciting new opportunities for dynamic young people in other parts of the country, where their expectations of the good life can be somewhat better than renting an affordable bed-sitting room.

It is in the interests of the whole country, non-Londoners and Londoners alike, that we have a kind of British Marshall plan for the regions. I would put two other elements in it. First would be an attack on our decaying town centres in the north: tackling empty properties, not allowing heritage to decay, creating attractive units at affordable rents and business rates, and bringing back housing to town centres. Secondly, it is important that we try to transform the quality of public services in the north, particularly teaching in the too many low-performing schools, which have been tolerated for far too long, but also doctors and nurses, who are in short supply, to deal with the brunt of an ageing population. That means incentives for young professionals, particularly for youngsters to come back home from university—their parents would dearly love that. Why not try to devise a scheme where the burden of tuition fees is lifted from students who commit to working for five or 10 years in the regions whence they came?

There has to be a new political framework for a revived regional policy. Again, to compliment the Government, I greatly welcomed George Osborne's commitment to the northern powerhouse, devo deals and city regional mayors. It showed commitment that something needed to change. Given the presence of the noble Lord, Lord Heseltine, in the House, I say how much I admired his effort in trying to make that policy work. It was an outstanding performance. I am very sorry the Government took the opportunity for it to continue away from him. However, it was too piecemeal an approach and the devo deals depended on establishing local consensus. I know from bitter experience in Cumbria how difficult local consensus is to establish. In our case, there is frankly no sense in adding the third tier of an elected mayor to an already dysfunctional two-tier local government structure.

It is a shame that Osborne is no longer in the Cabinet to advocate these policies, although he is a brilliant editor of the *Evening Standard*. His policy now seems to suffer from the “not invented here” syndrome of the present Government. We have an industrial strategy that seems to prioritise sectoral deals over regional deals. We have to find a way of meshing the two together. In another Cumbrian example, it is self-evident that it is the Government who have to make a decision about whether we have new nuclear power stations. They will require some form of public equity stake, but if they are to go ahead the preparations for them—the working out of the planning, housing, skills and local supply chains—has to be done by some powerful devolved body.

I am coming to the conclusion of my remarks. We need a comprehensive new political structure of devolution based on city regions. This should form part of a constitutional convention that looks at the future of England and the United Kingdom. We need that political change to go alongside the renewed regional policy of which I have spoken. I look forward to the rest of our debate this afternoon.

3 pm

Baroness O’Cathain (Con): My Lords, when I was asked whether I would take part in this debate I blanched, solely because I knew it was to be opened by the noble Lord, Lord Liddle. I have the highest respect for the noble Lord but I am terrified by his intellect. I am terrified by the things he has suggested in the past, particularly on Europe, because I have nearly always agreed with him. That has happened again today, although I am no longer terrified because I believe that we are more or less singing off the same hymn sheet in many areas. I remember his contributions on EU matters in the good old days when I was either the chairman or a member of our EU Committees—oh, happy days. Those were days of cementing understanding and friendship with our closest neighbours on the land-mass of Europe, but life must go on and there is much to do on our own patch and even more on establishing solid links through new trade encouragement. This is something I look forward to.

Yes, there are huge regional and national inequalities, but the growth in economic activity is not limited solely to the south-east and London. I have been astonished recently, in the last 12 months, as I have visited Birmingham, which is completely unrecognisable from five or six years ago, Manchester, and towns in the north-east about which I had always felt, “Oh, don’t stop here”, and seen that the imbalance in economic activity is being changed. Furthermore, the noble Lord made reference to the various reports we have had recently. They have all encouraged me to think that the Government really are doing something—I see that the noble Lord is nodding—and that gives me great faith. Whereas they have to do the analysis, and we all know that we are in great danger of being paralysed by analysis, there are gems in these reports, not least the railways report and the industrial report. Indeed, the Autumn Budget speech by Philip Hammond showed that there is not much between us in striving to eliminate inequalities.

In fact, I am sure that there is not much between any of us in recognising the necessity of eliminating inequalities.

I can assure the House that in the last few weeks I have felt submerged by different analyses of this; each one requires a lot more work, but we have to get the message across that it is not good enough to have huge inequalities. Whereas we are doing very well in some areas, we have to realise that something has got to be done with the younger people in this country. There are glaring omissions—some of them have been mentioned—not least in skills and education. *Connecting People: A Strategic Vision for Rail* has just been published. I believe that this is one of the major areas of development which will bear fruit and be very positive in reducing inequalities in areas north of London. Britain needs to have faith in the Government’s ability to eliminate the poverty of low aspiration, to eliminate the poverty of weak determination and to eliminate the poverty of low self-worth. It is a tall order but we can do it.

I always remember the fact that we are, after all, the fifth-largest economy in the world. That has given us some push and influence. Not only that, our language is the best language, or at least the most used language in the world—other than Chinese, I suppose—and it is immensely in our interest to use these sorts of plus factors when selling ourselves to our own people, saying that we can get much more work out of people and that people need to develop their skills. We are also treated as one of the most financially competent countries in the world, which should bear us fruit as we develop these new trades.

I suspect that a high proportion of Members of this House have scant knowledge of what is happening now in the rebalancing of our economy, I know that Hastings, Stoke-on-Trent and Ipswich were regarded to some extent as basket cases, but the amount of work that is going on even in Hastings, where I have been recently, is quite exhilarating. Certainly, social mobility is happening and will probably happen further. I am told that the Department for Education has designated these three places—Stoke-on-Trent, Ipswich and Hastings—and will encourage them to get more investment and to beef up their skills.

The skills that we need were dealt with by the Chancellor of the Exchequer in the Autumn Budget. I was very taken by his statement:

“Knowledge of maths is key to the high-tech, cutting-edge jobs in our digital economy, but it is also useful in less glamorous roles such as frontline politics. So we will expand the Teaching for Mastery of Maths programme to a further 3,000 schools”.

This is terribly important, because maths is still regarded as too difficult, too out of touch and not likely to help in getting a job. What is not likely to help in getting a job is no knowledge of maths and we all ought to try to do something about that. I think of the success of ad hoc committees in the House of Lords: perhaps we should ask for an ad hoc committee on the teaching of maths. I do not know if that is too narrow a subject but I think not, because it embraces so many other subjects. The Chancellor of the Exchequer went on to say,

“we will provide £40 million to train maths teachers across the country”.—[*Official Report*, Commons, 22/11/17; col. 1050.]

[BARONESS O'CATHAIN]

Investment is planned on an all-Britain basis, with the northern powerhouse—that is an exception, of course, except that is part of an all-Britain process—and the transforming cities fund. Elected metro mayors are gearing up to change their areas and LEPs have done very good work in Birmingham. Those should be held up as beacons for people to imitate. Giving hope, encouraging action and, above all, having faith in this great country sums up what is needed to rebalance the economy and reduce inequalities. What is not needed is beating ourselves up.

On the subject of HS2, I can inform the noble Lord that there is movement on the next stage—HS2a is going before the House of Commons, I think, within the next few weeks. I agree with him that although a lot of people say it is a dreadful project, it is just what we want at the moment, particularly when you consider those who are taking the initiative of developing learning hubs and academies along the route to encourage more construction engineers and architects.

I am not anything like as downhearted as the noble Lord but I do agree with some of his points and wonder whether we should actually do something about it.

3.10 pm

Lord Prescott (Lab): My Lords, I apologise to my noble friend, Lord Liddle, and the House for being a couple of minutes late. I left my speech on the table and had to run back for it. I hope it does not affect the speech. I congratulate my noble friend on having this debate and his support for regionalism—something I have always believed in. I differed a little bit when he came to HS2. As the Secretary of State who had to rescue the privatised HS1 and take it back into public ownership, I think we should have had an industrial strategy there that might have decided that you start this big investment in the north and go south if you want, and we would not have to wait until 2030 to get the 20 minutes off the train journey.

But leaving that aside, I welcome the debate. It is important to give the right priorities to the whole country, not just the regions, but at the moment the central planning system tends to look to developing in the south and not the north. I will not repeat the many statements that have been made about the inequalities and the differences between the north and the south. They are many, they are true and they are affecting the development—where you could get the highest productivity and the highest level of investment, both for the north and the country as a whole—but I will not dwell on them.

It is quite remarkable when you look at the change that has taken place. I was in the House of Commons for 40 years and have been in this House for a few years and I have heard all the arguments about intervention and planning. These were words which embodied ideological differences. One party was for planning and intervention, the other party was for the free market, and we can see it from the “Neddies” right through to the Thatcherite idea of leaving it to the market. It has not worked, frankly.

What I welcome about the industrial strategy document is that it has recognised the common sense of ownership—not necessarily public or private but working together in co-operation with the massive kind of investment that we need to achieve the new type of low-carbon economy, which will require major skills and major investment. We have broken away from the political debate about whether you believe in planning or intervention and this is now the language of the Government. Previously, it has been, “There have been failures in investment and productivity”, as spelled out by the Chancellor last week, and indeed other bodies. Now the Government say, “Let us look at how we can act differently”. As the document points out, that is really about having some planning, having a strategy and looking at it as a whole. Governments are involved because some of these major investments, as with HS1, cannot be done unless the Government are guaranteeing it in one form or another; private capital may also be used in it.

We have the development of an industrial strategy which means that after arguing in Parliament about all these elements for 40 or 50 years, we are now looking at what we have to do to meet the requirements of a low-carbon economy—increasing productivity, investment and skills—which Parliament has embedded in the Climate Change Act in saying that it must be one part of the development of the economy. Thankfully, that was done by a Government I was part of. That is the future. To that extent, I welcome a mechanism.

I welcome the language in the industrial strategy. It is very much what I believe, so I would tend to welcome it. It probably goes a little bit further than I used to think before. I see the co-operation; that is an essential part of it. But the language is right. The vision is probably right but at the end of the day it depends on the delivery mechanism. All these different forms of planning that have been used by different Governments at different times have failed because they have not been able to deliver on their language, whether in prices, incomes, planning or whatever. Therefore, we need to have something that gets greater support and co-operation and, above all, works. That would be helped by a parliamentary timetable that normally would be five years; you do not really get started or you get started and then of course somebody abolishes it or another Government come in.

A classic example of that is in the regions. The so-called northern powerhouse is not northern. It divides on the Pennines. Okay, I know it is aimed in that direction but it is not that. Is it a powerhouse? It is limited to co-ordinated authorities. It shows a divided country in many ways. I think the Government want to go further but I do not believe that the way they are suggesting is the best way. If you are regional, that is strategic; you want it on a region. Let us call it the north, because that is what I am very much involved in. But if you divide the north, as at the moment, whether because you cannot get the co-ordinating authorities to agree or you cannot get the planning body, that is a disadvantage for delivery.

A good example was when it was suggested that Transport for the North, the body set up by the Government and to be given strategy powers by

Parliament, would have the right to decide on the strategy for the north and how it was going to be implemented. We now know that that is not so. It can only make recommendations to the infrastructure commission—which I think the noble Lord opposite is a member of. That was the purpose. Now it can only make recommendations. It was thought that it would have the resources, as we did with the regional development agencies when we set them up. They had the resources and the powers to implement what was decided in the regions. That is not to be so. It is another good example.

The Government do not like regions—that is quite clear—so they call them “subnational”. They do not like to use the word “region”. They have to strategically think from one end of the north, whether it is Liverpool or right up into Newcastle and Hull. They do not like the concept of regions for very good reasons: it takes it out of the Chancellor’s hands, and he is very committed in all these plans that it has to go back to him and he will decide what resources are going to be delivered. If we have a body for the north that makes recommendations, the infrastructure bodies that are set up and the Chancellor, that is what has been happening for the past 10 years. What is going to be different?

There are differences and there are movements. That is why, while I disagree with some of the strategy, I want to make a suggestion to it that would help. The industrial strategy and the document that the noble Lord, Lord Heseltine, produced see the need for having a structure for the policy. I think the Government give it six or seven columns. Fine, but what you have to do is based on sectors. How many times have we argued about whether the Government should be involved in sector planning? But it is in this document. I suggest to them that they ought to think of corridor growth.

I live on the Humber. The Humber is one of the greatest assets we have in the north. It is estuarial growth. Those that locate in those growth patterns are different from land-based ones. You can see that in the Mersey; you can see it in the Thames, where a great deal was worked out on the Thames development; but we also saw it in the Teesside development—to look at having a mayor. I brought in devolution for Scotland, Wales and Northern Ireland, and I also brought in for London an elected mayor so I have been involved in dealing with that level of governance. But that is not what is seen in the development at the moment. It is still limited to local authority accountability and boundaries. So I commend estuarial growth to the Minister.

The Humber has Siemens. It has the greatest energy and renewable plants developing. It has Drax Biomass, which is a very important part of it. Along the river it has a lot of industry. We have plenty of land. We have the fastest broadband technology in the country—mind you, it is not owned by BT; that is probably why it is the fastest. If you put all those things together, we have those essential bits of growth that the Government identify in their industrial strategy. I invite the Minister and the Government to look at all the reports we have done about the Humber. We developed the first low-carbon report four or five years ago for the Humber. We have done reports on carbon development and

skills training. We have been operating on that. It is a matter of bringing them together. I am calling for a Humber strategy in line with what the Government are doing at the moment. If the Government are looking for a place for quick growth, they have it on the Humber. Let us get working on it and get it done.

3.19 pm

Lord Shipley (LD): My Lords, I thank the noble Lord, Lord Liddle, for enabling us to have this debate at an extremely important and relevant time, given the publication in the past week and after the Budget of the two documents that he referred to: the *Social Mobility in Great Britain* report and the industrial strategy. He may be interested to know that the conclusions I will draw in my speech are broadly similar to those that he has drawn. I pay tribute to the noble Baroness, Lady O’Cathain, and the noble Lord, Lord Prescott, for their contributions. I hope that on this issue we will be able to see a coming together and common thinking about what conclusions we need to implement.

This debate is about creating a comprehensive agenda to address regional and national inequalities within the United Kingdom. “United” matters because our country is becoming increasingly disunited and the words “comprehensive agenda” matter because we need detailed thought on how growth and productivity can be generated across the whole country.

The noble Lord, Lord Liddle, was right to remind us that the inequalities gap is widening, and is wider than in any other EU country. He talked about the importance of EU regional development funding and its future, on which I think the Government will need to respond sooner rather than later. He rightly identified the high proportion of disadvantaged children in the London Borough of Kensington and Chelsea who go to university whereas the figure for Barnsley, for example, was under 10%. But one reason for that is that the per capita spending in secondary schools is much higher in London than in the north of England. We need to learn from that, particularly in terms of teacher incentives. He is absolutely right about HS2, HS3, rail connectivity generally and Crossrail 2. I subscribe to his view on those.

On devolution deals, I pay tribute to what the noble Lord, Lord Heseltine, achieved during the coalition Government and afterwards. Those deals have established a trend. However, the noble Lord, Lord Liddle, is right that income levels, levels of individual wealth, growth rates, productivity rates, deprivation indices, educational attainment and public spending levels mostly confirm that inequalities are growing.

Last week, as we have heard, as well as a Budget statement there were two reports published demonstrating the extent of the problem. The *Social Mobility in Great Britain* report by the Social Mobility Commission confirmed in its first words that:

“Britain is a deeply divided nation”.

Its work on the place-based divide, the subject of this year’s report, has confirmed that in the fields of education, employability and housing, there is a growing gulf between Greater London—and some parts of other UK cities—and the rest of the country, particularly the further you go from London. The second publication

[LORD SHIPLEY]

was the industrial strategy, which contains a very positive set of proposals and, commendably, has place as one of its five foundations. It is encouraging that it is clearly stated to be a strategy for the whole country; it needs to be.

The Secretary of State was right to identify, in an article that he wrote for the *Evening Standard* a few days ago, that the Government have to switch their role from being a boss to being a partner with the private sector and local communities. I concur with that and would simply add a specific wish for all our universities to have a policy obligation for local engagement in their broader regions, particularly those towns neighbouring the cities the universities are in, to help address some of the concerns identified by the Social Mobility Commission.

The crucial question is how we will make our living not just now but in 20 or 30 years' time. It is about the nature of work and the skills needed right across the country to deliver the right outcomes. I have concluded that transformational change is needed; that will require not just government intervention but greater private sector investment in the poorer parts of the United Kingdom. It is too easy for the private sector to think only of their shareholders and their international opportunities. How good it would be if annual reporting had to include a statement of a company's UK-wide impact. That comment and concern includes the banking system.

Devolution within England is, as I have said, helping to right imbalances a little but it will not substantially do so until the control of resources and tax-raising powers are more devolved too, so that the constituent parts of England are treated more like Wales. As for the northern powerhouse and a Midlands engine, I have never been clear whether a powerhouse is bigger and better than an engine. I wish the Government would stop hiding a lack of detailed policy behind a brand name; it does not help because the lack of policy is easily exposed. Having said that, it is right to have a northern powerhouse and a Midlands engine. I hope that the Budget may help a bit around infrastructure and productivity, and that the coming months will tell us whether they might then help to reduce inequalities.

In this respect, I commend the work of Transport for the North, which is getting into place a set of proposals to help improve transport in the north of England. The imbalance of transport spending between London and the rest of the country is well-established. Something needs to be done urgently about this but the allocation of resources remains a broader problem. Regional spending in the UK shows per capita spending in Northern Ireland to be £11,042, in Scotland of £10,651, in London of £10,192 and in Wales of £10,076, but with an English average of only £8,898. There is a clear and worrying discrepancy which feeds through to fewer resources in England for public services. I suppose I should remind the House that I am a vice-president of the Local Government Association at this point.

The noble Lord, Lord Liddle, reminded us that London has been hugely successful. I agree that that success should not be criticised by other parts of the

United Kingdom because it generates tax income for the rest of the UK. However, there is a problem: because London is a world city, decision-makers in London may think internationally about expansion or solutions to problems more than they think about finding the solutions elsewhere within the UK. We need to have a national discussion about the role of London in governing England. There is an assumption that, following the abolition of the Government Offices for the Regions, London represents England. In practice it does of course, because it controls taxation. I am very happy that more devolved powers are going into combined authorities but they are distinctly limited in comparison with those of the nations, although many English regions have comparable populations to that of the nations.

The Government must give a lead. I agree with the noble Lord, Lord Liddle, that more of Whitehall should be moved progressively out of London. He used the example of Defra going to Cumbria but I will use the Department for Transport. If, for example, the Department for Transport was moved to the north of England, it would make a profound difference to what seems all too often to be short-term thinking on infrastructure investment policy, which has resulted in the lion's share of spending going to London. It is possible to do this. Digital communication and HS2 will make communicating much easier. Of course, other Whitehall departments with a domestic focus could similarly be progressively relocated, in whole or in part, out of London. I accept that they would need a small London presence but let us remember that many private sector companies operate with a small London presence while their headquarters are elsewhere.

In the meantime, I hope the Government will think carefully about establishing an integrated government office in each English region, as we used to have. It was a bad mistake to abolish them a few years ago because it has simply added to the over-centralisation of England. Those offices would push to develop new industries in their regions and implement the industrial strategy, working alongside the local enterprise partnerships. They would also have that responsibility for supporting those towns that lack jobs and educational opportunity—towns which are seeing a general loss of jobs, with retail moving to centralised warehouses. The towns could be helped if there was a better government focus in each of the English regions.

3.30 pm

Lord Monks (Lab): My Lords, I, too, thank my noble friend Lord Liddle for his initiative today in launching this debate on a subject which is very important for the future of our country. His initiative coincides—I guess it is a coincidence—with the social mobility report to which he and other noble Lords have referred. It graphically shows the imbalances in our country today. The picture is of a far from united kingdom. It is a nation where children's life chances, the results they can expect at school and the pay they can expect to earn are shaped by where they are born. The uncomfortable truth is that London and the south-east begin to look like a separate country, distinct from the rest of the nation, despite pockets of intense and

profound deprivation in the capital, of which we are only too aware. We have growing wealth and growing poverty side by side in our country today. That is the nature of the challenge we face. I saw some remarkable figures the other day. I have not had a chance to check whether they are absolutely accurate, but they show that in downtown Blackpool a man's average life expectancy is 67.5 years whereas in Westminster it is now approaching 90 years. That is the difference in health and wealth, and those two things go together to a large extent.

We have been developing more and more in an unbalanced way with the emphasis on London and on an overmighty financial services sector, with short-term shareholder value becoming the leitmotif of private companies on a very wide scale, as the noble Lord, Lord Shipley, said, and inadequate attention to patient investment, skills building and genuine entrepreneurship of the building-business kind and to partnership working with employees and—yes—trade unions. One day there will perhaps have to be a monument to all the household-name companies that died in the post-war period, such as ICI, British Leyland, Lucas and many more. It will need to be a pretty big monument. This country led the world with the first Industrial Revolution, and sadly we have been leading the world with the de-industrial revolution. The staple industries on which particular towns and cities depended have shrunk or disappeared and, just as importantly, banks migrated away from their local and regional bases into amalgamations based in London. As other noble Lords have said, infrastructure investment has been low, and had it not been for the public sector and nationally agreed pay rates applying to employees of the public sector, shops, leisure providers and the arts would have struggled in the provinces even more than they have.

Productivity is in the news this week, and I hope it will be there not just for this week but constantly. We know that our performance outside the south-east is dismal. In the league table of European regions, many of our regions come very low down. Some of that is caused by global factors which we cannot do much about, but other countries have not lost as much as we have. France and Italy are now larger manufacturers than we are, which is an astonishing turnaround over the past 50 years.

Some of this has been caused by public policy failures, an absence of long-term thinking and, particularly perhaps, consistency in areas. Contributors to this debate have mentioned the different initiatives taken over the years that have been changed after a change of Government or of Minister. I acknowledge that some of our problems are caused by adversarial industrial relations which produce a lack of confidence in change and limit action to repair the deficit in the skills of the workforce. However, from long experience with many of the country's leading employers, I sincerely believe that at the heart of the nation's problem is entrepreneurial failure. Too many companies became sclerotic and vulnerable to being sliced and diced by smart financial interests and being left anorexic. Old products, technology and premises are not replaced, and low skills and motivation and inefficiency have been all too common. The uncomfortable fact is that many of our very welcome success stories—and fortunately there are

many, and the car industry is a spectacular example—rest on foreign entrepreneurship attracted by the UK being part of the single market of the EU. We hold our breath about how these companies will react to Brexit and to life outside the single market and the customs union.

I join those who welcome the Government's conversion to an industrial strategy. In a sense, we have been doing it without calling it an industrial strategy. The noble Lord, Lord Heseltine, in particular, has played a very distinguished part in that work in Docklands, Liverpool, Manchester after the IRA bomb, the Humber and the Wirral. The document *No Stone Unturned: In Pursuit of Growth* still has many lessons which are highly relevant to where we need to go. Like the noble Lord, Lord Shipley, I served on the regional growth fund advisory committee, which did some useful work under the coalition Government in particular, but I have to admit that we were sometimes short of strong candidates in the poorer regions to whom to give money. It was not easy to find the best-deserving cases. I understand that some of the Labour Government's regional development agencies had a similar problem, and it is good to see my noble friend Lord Prescott, who was the engine behind their development, taking part in this debate. I hoped they would have the time to evolve into regional banks and would restore the sense of banks being close to business on the ground that we had in the 19th century, but they never got the chance. The "not invented here" syndrome, to which my noble friend Lord Liddle referred, applied, and they were abolished. Will the Minister outline the regional implications of the industrial strategy and how the Government think they are going to embrace the regional side of all this? What steps are being taken to improve business leadership?

I declare an interest as I was a visiting professor at Manchester Business School, which is a centre of excellence in very many ways. When I was giving a lecture there to an MBA class, I found it sobering when I asked them where they expected to work and nine out of 10 of the Brits said they expected to work in financial services. One smart alec, who got a laugh from the class at my expense, said that a long-term investment is a short-term investment gone wrong. That shows the mentality of many of the kids—they were mainly kids—who were studying in that class.

What are we going to do to ask business schools to contribute to the industrial strategy? Do they just carry on in their own world under the guise of academic freedom or could they not become staff colleges for a new generation of entrepreneurs building firms for the long term, building a range of skills in the workforce and building their own skills, not just in finance but in technical innovation and people management as well? It is very rare to find British managers who are good at those three things. Most of them are good at one, mostly finance, some are good at two, but very few are good at the technical side of the business, the people side of the business and the money. This last point is crucial. We need business leaders who are technically innovative, financially literate and capable of working with the workforce. The role of unions is extremely important in this process, so do not forget the trade union contribution, which can be extremely positive.

3.39 pm

Lord Bird (CB): My Lords, I am very pleased to be speaking in the debate secured by the noble Lord, Lord Liddle. I am a Londoner and I was born in Notting Hill, but I have always tried to escape from London and have, on occasions, lived in other places, such as in Scotland and in Sheffield, Yorkshire.

I have always been aware of what you might call metropolitan imperialism. I call it that because everything seems to want to shift south. I started the *Big Issue* on the double yellow lines of the West End of London, but very quickly realised that virtually all the people I was working with did not come from London. They were not locals, or London-Irish gits like me from Notting Hill, but were from Scotland, Ireland and, increasingly, Europe. Everybody was being pulled in by gravity: people who had problems as well as those who came to seek their fortune.

The United Kingdom is a very strange beast. It is one of the few major countries where there is only one really big place where you can go and make it. For example, in Germany, you can make it musically, intellectually, culturally or philosophically in all sorts of places, but here you have to come to London. That kind of weirdness, that draw, is behind it all. We really need to start moving some of the institutions, and not just government ones. For instance, that beautiful place, the Barbara Hepworth gallery up in, I forget where—

Noble Lords: Wakefield!

Lord Bird: Wakefield, forgive me—I have only been there once. It is an absolutely brilliant place, and what an effect it is having on the community. Then, in Margate, there is the way in which the new Turner gallery has helped create a totally new kind of economy, with a 37% to 47% increase in the number of people going down on the train to Margate. There are similar figures for those going up to Wakefield. We need these cultural shifts to help us grow—for instance, the stuff that is happening in Gateshead—as they draw people from other places not just into the UK but further on.

Look at the effect on Edinburgh. I used to live there when it was a poor little place, but an enormous wealth of opportunities has been created by the Edinburgh festival. This has happened in my lifetime: 50 years ago, when I was sleeping rough in Edinburgh, you could not get a penny off anybody, but now you can live quite comfortably on the streets, and probably put a bit away for a bad day. These kind of considerations need to be there to address the interest that we have to show in the fact that we have a very lumpy and strangely formed economy.

When I was the printer for the Victorian Society, I took a great interest in looking into British society. By 1851, for instance, Britain had lost its role as the workshop of the world and was becoming the sweat-shop of the world. Over 100 years later, Margaret Thatcher—the late Baroness Thatcher—closed down all these industries and added to the major problems that we have in this very lumpy economy. I do not know that she had an awful lot of choice, because most of those industries had been on government subsidy since the First World War. The car industry was the only new industry.

We have a very weird way of investing in the future. When we have a situation in Britain where the average bank lends 87% of its money for the buying and selling of property, what is left for the development of new industry? What is left for the development of new educational superstructures and all those things? I was very struck by the wonderful term that the noble Lord, Lord Liddle, used when he said it was time for a British Marshall plan. I believe that we need to dig deep and find out a way of doing this. I agree with the noble Lord, Lord Prescott, in that I have been looking at all these plans over the years and thinking, “When are they actually going to stop talking about it and deliver it?”. We need to do something very profound.

I am doing something quite interesting called social mapping. We are going to cities, towns and villages and finding out who is there, who is doing what and what organisations are there. I can tell your Lordships there is one city that is desperate for help and change. It has 200 different providers who provide social businesses, work and all sorts of things, and they do not even know each other or talk to each other. So we are brokering a relationship between them. Why can we not have communities, like in Carlisle, where there are at least 100 providers in the community providing for the well-being of that community? Why can they not start working together? Why can they not start doing things such as sharing each other’s facilities? Why can they not do that?

I believe very strongly that one of the ways that we can overcome many of the problems that we have with this very lumpy economy is to involve the community in bringing about changes. We cannot rely on government. Governments think in big strategies, and Governments and Ministers change. I remember that when I was dealing with the DWP at the time when the noble Lord, Lord Prescott, was in office, I dealt with four, five or six different Ministers over a period of about eight years. There is this weird situation where Governments change. However, if we go back to the community and start putting the community together and trying to broker social change, we will be able to build on the generosity, local opportunity and local talent that exists. So I would say that if the noble Lord, Lord Liddle, wants to do something in Carlisle, he wants to find out who is there, and neither the local authority nor national government will know. It is only by going back to the community that we can bring about those changes.

3.47 pm

Lord Shinkwin (Con): My Lords, I, too, thank the noble Lord, Lord Liddle, for securing this debate. I begin by declaring my interest as a commissioner on the Equality and Human Rights Commission.

There is a group of people who I do not think a single Member of your Lordships’ House has mentioned in the debate so far and whose positive contribution to reducing inequalities and incredible generosity so often goes unacknowledged. I want to thank them today for the inequality reduction measures that they fund, including measures to reduce regional and national inequality across the UK. Who are these wonderful anonymous individuals? They are the great British taxpayer.

Their generosity knows no bounds. They are already asked for so much of their hard-earned income—yet still the shadow Chancellor demands more from them. Some may look longingly towards the land of McDonnell make-believe, but the patronising promises of more money are simply a mirage—an illusion, concealing increased debt interest payments, which are the very payments that would impoverish our people, imperil our welfare state and exacerbate inequalities.

I do not live—indeed, as a stakeholder in a sustainable welfare state, I cannot afford to live—in the land of McDonnell make-believe. Back on planet earth, with UK debt at around 88% of GDP, I ask myself: “Where is our buffer—our capacity to absorb the inevitable shocks of the economic cycle?”. This is the contextual reality that I say we cannot divorce from discussions about longed-for largesse—as if the Government themselves owned any money. My noble friend Lord Tebbit, who is not in his place today, often reminds your Lordships’ House that taxpayers own their money and give it to the Government in trust. I feel we need to remember that.

When we consider how to address regional and national inequalities, I also believe it is essential that we recognise the immense inherited financial constraints within which the Government are operating. It is therefore to the Government’s credit that, despite the lasting legacy of debt bequeathed by the last Labour Government, such a significant amount has been and is being done in this area. I am particularly heartened by the renewed focus on a one-nation vision, which has informed Conservative policy and practice for the last seven years. As we have already heard from other noble Lords, the former Chancellor, George Osborne, played a pivotal role in putting the northern powerhouse centre stage and empowering local government. That is to his enormous and lasting credit. Now this Government are building on that work, including with up to £1.8 billion announced by the Chancellor in his Autumn Budget, as well as devolution deals so that devolved powers and funding can be exercised at the appropriate level.

Surely we can all welcome the fact that the Government are investing more taxpayers’ money to improve transport connections across the north—more than any Government in history. Similarly, the devolution deal agreed between the Government and the West Midlands mayor and combined authority to address local productivity barriers includes £5 million for a housing delivery task force, £5 million for a construction skills training scheme and a £250 million allocation from the Transforming Cities fund to be spent on local intercity transport priorities. Is this not further proof of a Government who have put addressing regional inequalities high on their agenda and are committed to using taxpayers’ money responsibly to make sustainable progress?

I also welcome the fact that the Government are focusing on areas of the country with the greatest challenges and fewest opportunities, including by investing £72 million in 12 opportunity areas. While continuing to provide the pupil premium, worth around £2.5 billion this year, they are also investing £137 million through the Education Endowment Foundation to expand the evidence base on what works in education for disadvantaged pupils.

I could go on, but the fundamental point in all this is that the right delicate balance is being struck between encouraging enterprise, spending taxpayers’ money responsibly and in a sustainable way and, crucially, addressing inequalities. That combination surely is the best guarantee of what every noble Lord wants—a more equal society.

3.55 pm

Lord Hunt of Chesterton (Lab): My Lords, I welcome this debate and strongly support the analysis of the UK by my noble friend Lord Liddle. As he emphasised, we have to consider issues within regions as well as between them and some of the UK’s big cities—that is critical. We must also think about different types of inequality that correlate with each other: health and mortality, the environment, economics, transport, education, tourism and culture. So I was a bit disappointed when the Library produced a document for this debate that was exclusively on economics. All those aspects are critical. We should also note the maritime aspects of the UK along our coasts.

I declare my interests as a president of ACOPS, an NGO; as having set up an SME; and as a former city councillor. The issue of mathematics has also been raised: I have been president of the Institute of Mathematics.

National and local government leaders, public bodies and the private sector play an extremely important role in trying to deal with these issues of inequality. I went to China a couple of years ago and saw how difficult it is being a mayor or local government person in that country. Ningbo is now famous in the UK for Nottingham University having a branch there. The mayor of Ningbo gets up in the morning, draws his curtains and wonders if he can see the ground, 15 storeys below, because of the pollution. He then looks to see whether he can drive because of the incredible traffic jams. He goes into his room and turns on the tap to see whether the water is brown or white. So there are big challenges in huge cities all around the world. As we deal with our own inequalities, we interact with other countries.

It is particularly important to have continuing good relations between the regions of the UK and across Europe. It is essential that these links continue. I look forward to hearing from the Minister on whether this will be a new role for the FCO or some expansion of the role of the Department for Communities and Local Government. I should like him, or one of his colleagues, to look on the DCLG website. On 29 November it recommended that local government should apply for European structural and investment funds—so I suppose that we are still being encouraged to go there. Perhaps the Minister might explain, because it sounds as if boroughs should work very fast if they are going to get in there before the witching date.

In a recent speech to the House of Lords Science and Technology Committee, the noble Lord, Lord Heseltine—who I am pleased to see in his place—emphasised the role of local initiatives, exemplified by his work in Liverpool, Docklands and elsewhere. He thought that these initiatives could be improved by reinstating the local audit commission. I was astonished to hear him say that because, when I was in local

[LORD HUNT OF CHESTERTON]

government, the commission was extremely important. It enabled local government to explore more difficult and controversial areas with a body of great experience and authority. There were many occasions when the policies and advice of the local audit commission were considered.

For example, the advice was particularly important in a controversial initiative of the early 1970s when it had to deal with the financial implications of setting up a tourist office and facility. At the time, most cities in the country did not have that controversial facility, but it was finally accepted in Cambridge. I am afraid that even the noble Baroness, Lady Trumpington, a doughty lady, opposed the radical suggestion. There is no doubt now that many new kinds of tourism initiatives and investment are now being considered, and are a most important area of development. As my noble friend Lord Prescott reminded us, you need to have planning.

Hull is an example of a city that has benefited greatly from a cultural aspect to its economic development. There has been great development in artistic tourism and the arts, all supported by local communities and councils: great sculptures and culture parks now bring many visitors to centres. I was recently in Ilfracombe and saw the large statue that Damien Hirst has loaned to Ilfracombe for 20 or 30 years, and the website for Antony Gormley's great sculpture, the Angel of the North, states proudly that it is in conjunction with Gateshead council.

Interestingly, some centres, such as Bath, are now so popular that it is really important that the Government, through their agencies, should promote other centres of tourism and the arts, because overcrowding needs to be dealt with. So what will the Government do to support these initiatives now that we have heard the sad news that the city of culture programme, which is funded through Brussels, will be closed down? Will the Government fund our own UK cities of culture to work with our European colleagues? This is a tremendous blow to the cities and an egregious loss of regional development.

Another approach to develop less developed regions is to establish and grow science and technology centres and museums. Many of these are already very successful tourist and educational attractions, drawing in thousands of tourists, such as the Eden Project in Cornwall, Jodrell Bank, Dundee City of Design, which connects to the V&A here in London, and the National Space Centre at Leicester. We do not yet have an international mathematics museum. They have one in Toulouse, which is combined with a museum for garlic. The French have this idea that we should have centres that combine two quite different areas of intellectual or economic activity.

It is also important that some areas of the UK have particular natural scientific qualities that greatly interest schools and other educational establishments, such as the Darwin Centre in Pembrokeshire, which involves science and theatrical events. An extraordinary new example is in Lyme Bay, where economic developments, working with the local marine protected areas, have produced all sorts of activities involving geology, history

and the fishing industry. Such developments are complementary to having greater industrial strength in the different regions.

Another feature I wanted to mention, which may not have been mentioned so far, or only in passing, is that we have great inequalities in health and morbidity in different towns and areas of the UK. A study by Marmot and Stafford at UCL showed differences in life expectancy, about which we have already heard, between western and eastern London boroughs and in mortality between males and females. There are comparable differences between the regions. It is a welcome fact that all socio-economic groups are living longer—but the inequality between regions and sub-regions continues. Localised air pollution is a very important cause of local mortality. These inequalities will decrease only by the application of a broad range of policies and local initiatives, such as those presented in this debate. I look forward to the Minister's reply.

Lord Parekh (Lab): My Lords—

Lord Scriven (LD): My Lords—

Noble Lords: Lord Scriven.

Lord Parekh: I thought I was jumping the queue

4.05 pm

Lord Scriven: My Lords, it is very rare that I am mistaken for anyone else in this House. I start by thanking the noble Lord, Lord Liddle, for his excellent introduction. He analysed the issues well and gave some of the solutions that are needed to deal with the inequalities that affect the regions and the nations of the United Kingdom. I also thank the other speakers for their contributions.

I begin with one statistic, which shows the challenge ahead and the slowness of successive Governments in dealing with this issue. It will take 120 years for young people in the most deprived parts of the UK to achieve the same examination grades as those in the most affluent if we continue as we are. I use that statistic because education and the opportunity it brings, and everything that comes from that—health, connections and networks—show why, if we continue to do what we are doing, we will not make significant progress in our lifetime.

That does not mean that some of the things we are doing with regard to HS2, skills and potentially moving government departments out into the regions will not have some success. But many of those things have been tried before and have not had the significant result needed. That is why we need radical solutions, not just tinkering.

The first concerns government itself. We have a Victorian structure of government in the UK. It is interesting that we all talk about what may need to happen outside, but we should start here, at the centre. The centre of government needs to change. It no longer needs to be about managing function but about outcome and structure, so processes need to change on the back of that. Otherwise, we will just be delegating

down to the regions of this country a Victorian system of government that is not fit for a modern future. That is really important if we are to unleash the power of our cities, regions and nations in the United Kingdom.

We are talking about what we need to do, but the world is changing; there is a bigger picture. I have two issues to talk about. One is how our economy has decoupled in the United Kingdom. We have different economies and I want to explain how globalisation has affected that and what we need to do. The other issue is that we now live in a networked world which needs very different solutions to such concrete issues as how to connect people. In the future, infrastructure in the sense that we talk about it may not be the issue that unlocks the potential of areas and regions. On infrastructure, for me, the most important issue for dealing with inequality is not just rail track but the internet, broadband and interconnectivity. Again, I come back to how government thinking might be causing problems in terms of managing functions.

In the recent telecom rate subsidy Bill, it is proposed that providers will get paid if they put down fast broadband, no matter where it is. I can tell noble Lords where it will go: it will go to the most affluent, already connected areas because that is where the customer base is. But broadband should be put into the most deprived areas of the UK to unlock the potential of individualised education, using artificial intelligence and internet connectivity to give individual help and support, not just through teachers but through the potential of technology, which will then give young people skills, confidence and access to networks. That is what we have to think about. There is a different way of thinking about how to unlock the potential of young people, cities and areas across the country, rather than just thinking about concrete infrastructure. We need to take a different view of outcomes and think about how we educate young people and get them ready for work rather than thinking just about how we get fast broadband in the UK. If we changed the way we think about those issues, we could unleash the potential of areas and reduce inequalities.

As regards the decoupling of the economy, the UK's weak long-term productivity results principally from the differing effects of globalisation on different parts of the country. As we know, economies outside London have made a very poor transition from their industrial past, while the benefits of globalisation have remained confined to London and its hinterland. For far too long the problems of the regions have been masked by London's success. Like other speakers, I do not detract from that success but, as a result, the UK economy is not only diverging but disconnecting, decoupling and dislocating into two, or possibly three, separate economies. London has become insulated and isolated from the wider economy and this is likely to be exacerbated by the UK's departure from the EU.

We need, therefore, to understand that the key to solving this problem is to go much faster and further in devolving economic powers to the regions and areas of the UK. That is vital. I do not denigrate the work that many noble Lords have done on devolution, including the noble Lord, Lord Heseltine, but that

process needs to be more radical and quicker. When I led Sheffield City Council, I pulled levers to try to make my area more economically viable but they were connected to absolutely nothing because the power, the funding and the financing were not there. Attracting private capital to my area was also very difficult. We need to look at that. The argument about whether these problems are more difficult in a city, an area or a region—the north in my case—is false as they apply in all three categories. We have to think about the different levels of economic geography, how we devolve powers and how structures, systems and processes are set up to make areas powerful.

We also have to think very differently about how we use networks to get money in. No one has really talked about how we attract capital to these areas. It is all right having skills and connectivity but how do you attract capital? Technology can be used. Why do we not set up virtual local stock exchanges, so that if I want to make an investment, I can be connected and networked to growing local small and medium-sized enterprises which I may not be aware exist in an area if I do not live there? Therefore, we should think about making localised stock exchanges and localised sovereign wealth funds available through crowdfunding and crowdsourcing so that people, rather than just government, can invest in the future wealth of an area. Local banks have already been mentioned in that regard.

We need a different, radical approach to this matter that addresses the decoupling of the economy, the Victorian approach to government and how we use a networked world to deal with some of the issues; otherwise, young people will have to wait 120 years for their inequalities to be addressed.

4.13 pm

Lord Parekh: My Lords, I offer my sincerest apologies to the noble Lord, Lord Scriven, for attempting to jump the sequence of speakers. The idea was not to usurp his place; I was simply impatient to get what I wanted to say out of the way.

I congratulate the noble Lord, Lord Liddle, on securing the debate and introducing it so well. I express my great delight and pleasure at the presence of the noble Lord, Lord Heseltine, who has given far more thought to this subject than many other Members of this House. I am pleased that he should be here, exerting a quiet influence on the speakers. One can exercise power without being in power. One can be influential from outside the political arena.

I want to address this subject from a slightly different angle. We have been talking about regional and national inequalities. When I raised this subject with a friend of mine, his question was very obvious. He said, "Regional inequality is simply a stalking horse for the old socialist idea of equality. After all, what are regions? What are nations? They are made of individuals. When we talk about regional equality, we are talking about equality between individuals—and if we are going to talk about equality between individuals, we are establishing some kind of equality between all British citizens throughout the country, which is nothing else but the old socialist idea of promoting equality by different means".

[LORD PAREKH]

I want to talk not about regional inequalities, which have already been demonstrated and established by many of your Lordships, but about equality in general. Why is equality a good thing? Why is it desirable? People say, for example, that as long as nobody is starving, everybody's self-respect is maintained and everybody's worth is respected, it does not matter who is equal to whom. In this case, when we are constantly comparing ourselves to London, the argument is that we all want to be like Londoners. If London has 60% more income than the national average, and better facilities, then why can we not have the same? A Londoner could turn to you and say, "This is all politics of envy"—as they always said about the preachers of equality. Are we simply talking about politics of envy? Do we all want to be Londoners, without living in London and suffering its hardships? At the end of the day, what are we asking for? Assuming that the question is about politics of envy, I want to address the question at that level.

Why is equality important? I think that equality is important for four reasons, at least. First, any kind of inequality, especially the kind that operates in our society, is unjust. If someone is born in a rich family, they inherit a network of contacts, which are never deserved but simply acquired by virtue of who they are. Inequality in our society is unjust because it makes people bearers of undesired, undeserved and unwanted privileges.

The other thing is that inequality is never alone. Different kinds of inequalities are always interlocked: inequality of powers, political inequality, inequality of income and inequality of respectability. They all come together and collectively create a system from which those at the bottom are unable to escape.

Inequality also skews a society's system of values. After the financial crisis, banks were helped out pretty quickly, but millions were condemned to suffer from austerity. The question is: why? Why did even the most sensible people not think it proper to look after the victims in the aftermath of the crisis, rather than the bankers, who could simply laugh at us and move on to equally nasty things? This is what inequality does: it skews our system of values so that certain things appear obvious to us when they should not.

Finally, and importantly, inequality between regions and individuals creates unequal experiences. The rich live in gated communities, but we condemn the rest to travel by public transport or live in public residences. The result is that there is nothing in common between these people. If they have nothing in common, how can we sustain a sense of community? How can we sustain a democratic form of government, which depends on a shared sense of community?

Therefore, for all these reasons, regional inequality and other kinds of inequality are unacceptable and we are absolutely right to fight them—not out of politics of envy, but out of politics of common good. Common good and justice require that these inequalities should be countered and that something should be done to create a genuine sense of community in the country. The regional inequalities detract from that sense of community and therefore reduce the spirit of democracy that obtains in the country. At the same time, while I

recognise that inequalities create these ugly consequences, I accept the fact that inequalities are bound to exist because of differences in talents and circumstances where one is born. This is where the state's role comes in—to make sure that these inevitable inequalities that issue out of differences in circumstances do not get intergenerationally consolidated, do not get interlocked, and do not skew our values. This is where some kind of sensible policy from the state has a great role to play.

We are talking about a comprehensive agenda for equality. Obviously, a comprehensive agenda includes not simply economic equality but social inequality: of race, that the Muslims suffer, and that other communities suffer. However, given the shortage of time I will not talk about it. I will just talk about economic inequality and how it impacts on people's lives. People in different parts of the country, from different walks of life, suffer from certain consequences because of the circumstances in which they are condemned to live. People in the poorest areas, for example, die on average seven years earlier, according to the British Lung Foundation. They are cognitively less developed, suffer from poor health, and there is weak motivation among those in deprived areas, and more smoking and more alcohol.

With all these things, too many people are left behind. The advantages of globalisation go only to the few and the rest express themselves through Brexit and other kinds of pedlars of strange, fanciful, seductive and unrealistic utopias. This is where the problem arises, that people who are unable to benefit from globalisation feel left out, full of resentment and anger, and the only way they think they can counter those who seem to be benefiting is by acting in ways which appear strange to some of us but perfectly natural to those who have grown up with them. In this context I am pleased that the Labour Party, certainly for the last few years, has taken up this idea of equality. Not only Jeremy Corbyn but Tom Watson, who happens to have been a student of mine once upon a time, have been strongly arguing for equality.

My last point is that I talked about community; without it there is no democracy or sense of sharing, and our destinies are interlocked. This is something that liberals do not often realise when they talk about choices. In a racially mixed school, if white parents withdraw their children, the blacks are condemned to study in all-black schools. This was not their choice—they did not want their children to go to all-black schools. They are condemned to send their children there because the whites have decided to withdraw. In other words, one man's choice is another man's coercion. When you choose, you choose not only for yourself but for others. Therefore, when you choose, you must choose with a sense of responsibility, with some concern for others. That implies a sense of community, which we have all been talking about.

4.23 pm

Lord Richard (Lab): My Lords, I start by congratulating my noble friend Lord Liddle on securing this debate and on the detailed, magisterial and persuasive way in which he opened it. I was slightly worried about

whether what I was going to say would fit into the pattern of the debate. However, I am grateful to my noble friend Lord Parekh, because he has reassured me firmly that what I will say will, I hope, be of some relevance.

My noble friend Lord Liddle and other speakers have demonstrated clearly that there are economic, social and cultural inequalities between different parts of the United Kingdom. I do not propose to look at the economics of the situation, but I have some comments to make about the politics.

One thing that most concerns me is the haphazard, asymmetric and almost capricious way in which we are developing a pattern of devolving powers in this country. In some ways, this is really rather strange since, whenever the British set up a constitution for a former colony, or when, for example, it advised the then German Government on a proposed constitution for a federal Germany, the tendency was always in the direction of political symmetry, not asymmetry. However, the situation that we now have in the United Kingdom, in which different parts of the UK have different patterns of devolution, seems to be potentially dangerous and unstable, and what I have heard in today's debate slightly reinforces my fears in that respect. The more we go down that particular road, the worse it will get. That is particularly so given the way in which powers are now being increasingly devolved not only to the nations that make up the UK but to the cities and regions. It is an untidy and almost quaintly eccentric way to behave. It reminds me a bit of the Chesterton poem "The Rolling English Road", which he described as:

"A merry road, a mazy road, and such as we did tread
The night we went to Birmingham by way of Beachy Head".

We now have a new British creation. It is individualistic, idiosyncratic and inefficient and, unless we are very careful, it will soon become traditional and, as such, deemed worthy of historical respect. I really do not think that this country can go on affording such a luxury for very much longer.

However, if there is a need for political symmetry, the other side of the coin is that there is clearly a need for greater financial equalisation, which brings us to our old friend the Barnett formula. I do not think that you can produce greater equality between the different parts of the United Kingdom unless and until you can produce greater equality of contributions from central government to those parts. In 2008, I had the honour of chairing a committee of this House which considered the Barnett formula. It concluded that the Barnett formula should no longer be used to determine annual increases in the block grant for the UK's devolved Administrations. The formula accounts for around £50 billion of public spending each year. It has been neither reviewed nor revised during the last 40 years, and indeed it was totally disowned by its originator, Lord Barnett himself.

The main recommendation of that committee—I commend it to the House this afternoon—was:

"A new system which allocates resources to the devolved administrations based on an explicit assessment of their relative needs should be introduced. Those devolved administrations which have greater needs should receive more funding, per head of population, than those with lesser needs. Such a system must

above all be simple, clear and comprehensible. It must also be dynamic: able to be kept up to date in order to respond to changing needs across the United Kingdom".

I can see no reason at all why precisely the same principle should not apply to the regions and cities of Britain as a whole as it could apply to the devolved Administrations. It seems to be common sense that needs should be the determining factor in deciding the size of central government allocations. Can this be achieved? I think that a major examination of the scope and extent of devolution is needed, whether that applies more to the nations of Britain or also to the cities and other regions. It really should not be beyond the wit of man to devise a system in which needs are assessed and moneys are distributed accordingly. Indeed, our committee in 2008 pointed the way forward.

It could be done if the Government are prepared to do it. My noble friend's Motion calls for a fuller examination of this problem. Potentially, it raises issues of profound constitutional importance—I do not deny that—but we surely have to start this process with serious and detailed consideration of this issue and the numerous other issues that it raises.

I hope that the Government will at last have the courage and the determination to look at this problem in its entirety and not roll around it in a charmingly eccentric, almost Chestertonian way, attractive on the surface but inherently dangerous underneath. I hope that will happen but, given my past experience, I am not holding my breath.

4.30 pm

Baroness Pinnock (LD): My Lords, I draw the House's attention to my interests as a councillor in the borough of Kirkstall in West Yorkshire and as a member of the governing body of the University of Huddersfield. This has been an excellent debate highlighting the challenges and potential solutions from noble Lords across the House, and I thank the noble Lord, Lord Liddle, for initiating it.

We have heard graphic descriptions and definitions of regional and national inequality but less about what it means for individuals and families. I live, as you have heard, in West Yorkshire, which has some urban areas where evidence of inequality is stark. Much of the cheaper housing is of poor quality, health inequalities are pronounced and the majority of local jobs are low paid. Those conditions have a knock-on effect on the wider community—shops are limited to low-cost goods and the high street is full of betting shops. Those who can leave do, and so the spiral continues in a downward direction.

The noble Lord, Lord Liddle, drew attention to an area—I think he was referring to Carlisle—where the majority of the money, some 83%, was spent on welfare where it ought be focused on regeneration. He made a good point—with which I agree—about how we need to turn over the way we focus our public money, with less going into welfare support and more focus on regenerating jobs and lives.

Successive Governments have made efforts to address inequality, though often in a piecemeal fashion. They have targeted one element of the problem and made some improvement but what is needed, as this debate seeks, is a comprehensive approach. Several noble

[BARONESS PINNOCK]

Lords across the House, including the noble Lord, Lord Liddle, and my noble friend Lord Shipley, have referred to the industrial strategy that was published last week and the report of the Social Mobility Commission. Economic regeneration has a long history—some of it very successful. One of the schemes under City Challenge—an initiative of the noble Lord, Lord Heseltine—was in Batley, the town adjacent to mine, and evidence of what it did there is still obvious. That was followed by the New Deal for Communities and the regional development agencies. I know from my experience on the board of the regional development agency, Yorkshire Forward, that change is possible. In partnership with the private sector, to which my noble friend Lord Shipley referred, some of these schemes have had long-lasting effects. Investment by Yorkshire Forward in Siemens in establishing a wind turbine manufacturing base in Hull and the amazing Advanced Manufacturing Park in Rotherham have both brought high-skilled employment to areas of high unemployment. However, that has not been sustained everywhere.

The second element for addressing inequality is connectivity, which has been referred to across the House, and currently the focus is on improving rail connectivity and broadband, investment being a key to economic revival. I served on the predecessor to Transport for the North, which was then called the Northern Way. The evidence then pointed to the importance of a fast and effective rail link from Liverpool to Hull—HS3 was the answer. Only this week, the Secretary of State for Transport has made the first tiny footsteps in that direction. Businesses saw HS3 as at least of equal importance to improving the economic productivity gap in the north as HS2, linking the ports of Liverpool and Hull. Yet successive Governments have lamentably failed to deliver on a project as basic as the electrification of the trans-Pennine line and now the Government intend to fob off the north with bi-modal trains. That unfortunately gives us a flavour of what has happened in successive attempts to do something.

Bringing superfast broadband to all parts of the country is vital. The Government need to consider access to broadband and mobile as an essential utility—such as electricity, gas, energy supplies and so on—and enable the costs of the services to be subsidised where people in poor communities are unable to afford them, as this is yet another instance where lack of access will worsen inequalities.

The third element of tackling inequalities, as my noble friend Lord Scriven so graphically stated with his example, is through education, skills and learning: it is the route out of poverty. A couple of initiatives that successive Governments have taken have done something to improve this. The university technical colleges have had mixed success; some of them have done very well but some had have to close. Apprenticeships, as we know, have seen a steep decline in numbers when what we needed to do as a country was to continue to put as much effort as we could into persuading young people to go into those areas of learning skills and accessing employment.

The fourth element of tackling inequalities is political leadership. We have heard much from the noble Lord,

Lord Richard, and others about how important it is. Devolution is in many forms now and we have a fair patchwork of approaches to devolution across the country. None of it will work unless there are two factors present. One is that the Government have to loosen the purse strings and the tight grip they have on central funding and let a thousand flowers bloom by releasing the energy, skills and vision that people elsewhere in the country have for their areas. The second part of that is having political leadership of a quality that sees the importance of vision and strategy above wheeler-dealing for the sake of political fortunes. Those are the essential ingredients of tackling inequality across the country, but people who suffer from sustained inequality above all lack hope. That is what I see when I visit the places near me where inequalities are so obvious. They have lost hope that anything will ever improve. So as well as all the things that I have said, they are simply being left out of access to opportunities that others are taking for granted.

In this context, the Government have an enormous duty to consider the impact of Brexit, if it indeed happens, on the economic prospects of people already suffering inequality. For example, the town near where I live, Batley, is the bed manufacturing centre of the country and exports the vast majority of its beds to Europe. These companies are already telling me that they are very concerned about the impact on their businesses and they are fearful that the imposition of tariffs will make their products uncompetitive.

There are four elements that we need to think about and the Government need to address if we are ever to tackle inequalities. It needs to be comprehensive—that is the word I liked the most in the debate—to be sustained, to have high-quality political leadership and, above all, to provide hope for people for whom hope has not been part of their lives for too long.

4.40 pm

Lord Beecham (Lab): My Lords, I refer to my interest as a member of Newcastle City Council. Perhaps I should also declare an interest in the light of the remarks of the noble Lord, Lord Shinkwin, as someone disproportionately benefiting from the Government's policy towards higher-rate taxpayers.

I congratulate my noble friend Lord Liddle on bringing this debate to your Lordships' House. He has long experience of local government, as well as other responsibilities. It is fortuitous that the debate occurs just a week after the announcement of a devolution deal for the north of Tyne authorities of Newcastle, North Tyneside and Northumberland. Unfortunately, while this is in many respects welcome, it does not include Gateshead, South Tyneside and Sunderland, which chose not to be involved in the devolution process. That is unfortunate, but I am afraid we have some history of that kind in the area. I recall that in the 1960s, when local radio was about to be implemented, the leader of Gateshead council said that nobody in Gateshead could possibly be interested in anything broadcast from Newcastle. Latterly, in the 1980s, when I produced a paper calling for the formation of a northern regional councils association I did not dare release it under my name—I had it circulated anonymously by the leader of Northumberland, Robin Birley, who

is also an eminent archaeologist. Fortunately, nobody noticed the origins of the report and we managed to get the association into being.

The announcement last week was generally welcomed. It has the potential to benefit the area, but we have to look at the financial implications and benefits. The Government have loudly proclaimed that there will be a £600 million investment to improve the economy of the area—but that is over 30 years. That means £20 million a year for three councils with a population of 800,000 people. By my calculation that amounts to £25 a year per head of population. In Newcastle alone we have lost £280 million in cuts to local council services. That is £1,000 per head of our population. There does not seem to be consistency in the Government's approach to these matters.

While we are thinking about financing local government, the revenue support grant is now disappearing and councils will have to rely much more on business rates. We have yet to understand from the Government how that will work. Perhaps the noble Lord will indicate in his reply, if he is able to, how the new business rates system will work and how there might be transfers between better-off areas to those that are essentially the subject of the debate.

My noble friend Lord Liddle made a very powerful case, but there is one area about which I am somewhat sceptical—high-speed rail and HS2 in particular. As I understand it, it will cost some £403 million per mile and will fall far short of reaching the north-east in any case. We are more interested in improving connections with Yorkshire and the north-west through an improved system of cross-rail. That does not seem to be imminent, whereas this week's announcement by the Secretary of State for Transport will apply £7 billion to a proposed link between Oxford and Cambridge—hardly the most hard-pressed economic area in the country.

There is another question that I would like clarification on, because it affects Newcastle Airport and other airports in the regions, many of which are regarded as important to their financial and economic future: what is going to happen to air passenger duty? There is always a threat that Scotland may go its own way on that, which would imperil services from airports such as ours.

At the moment in the north-east and in other regions, we still have low wages and higher than average unemployment—although the north-east is the leading region for gross value added to the economy, thanks largely to foreign-owned companies. There, of course, we begin to worry about the future, given Brexit. Like other areas in the region and elsewhere, Newcastle has thriving universities: we very much welcome that, although we are, frankly, educating too few of our local population in those universities. As we have already heard, there is a distinct shortfall in access to higher education from the most hard-pressed regions in the country. We do, however, have a large number of overseas students. We have seen in Newcastle, and I suspect in other places as well, very large developments of new residential accommodation for overseas students. One wonders whether Brexit will have an impact on the number of students and European and other academics. I certainly

know of some in Newcastle who are considering their future in the light of what is likely to happen following Brexit.

However, the main issue, surely, is to ensure that our own local population has genuine access to further and higher education. In that respect it would be welcome if we could manage to achieve what was achieved under the London Challenge, which made a huge difference to the educational and other opportunities of people in London. There does not seem to be any sign that that is likely to happen. Of course, we are not unique in the north-east in having these problems. There are too many parts of the country where opportunities are limited and where conditions are, frankly, intolerable for many people. It is certainly true that we have a low rate of unemployment compared to many other times over the years, but we also have the lowest growth in wages and earnings that we have seen for a generation or more. That is a serious outcome for far too many of our people in areas such as the north-east and many others, whose concerns we are debating today.

We have a strange situation in which we are getting some degree of devolution—we are, perhaps, reinventing the Anglo-Saxon Heptarchy, with a number of large areas which will make up a country—although some of us are inclined to revert to Anglo-Saxon terminology in our use of adjective to describe the impact of government policy in those areas. What we need to hear from the Government is that there will be a reallocation of priorities—in investment, in particular—across the regions that are currently lagging behind London and the south-east. We have also become aware recently of something that has not really become apparent—or at least has not been introduced into the public debate—which is that in some areas that look to be thriving and prosperous there are smaller areas displaying perhaps even more acute economic and social needs than regions such as the north-east. What we are seeing—sometimes in prosperous areas, certainly in areas such as the north-east and the north-west—is a widening gap in income, health, well-being and longevity. This is really unacceptable. Whether the Government will begin to address it remains to be seen.

I have another couple of short questions for the Minister. The noble Lord, Lord Shipley, referred to the government regional offices, which were established many years ago and were effectively scrapped by the coalition Government. There is also the question of the regional development agencies—which, again, were scrapped by the coalition Government when the current leader of the Liberal Democrats was the Secretary of State responsible. Will the Government look again at both these areas? If we are going to have an influence on policy, we need close connection with the Government of the day. Certainly, in our experience in the north-east, it was very helpful to have a senior civil servant able to act as an interlocutor between central government and the local and regional authorities. That is something that could serve us—and not only our region—well in the future. It will help improve governance in this country in the long term, as well as help us tackle the immediate problems that we face.

4.51 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, I thank the noble Lord, Lord Liddle, for moving the Motion so ably and bringing this matter to the House. He has, quite rightly, a reputation for having a brain the size of a small planet and that was evident in his contribution, as my noble friend Lady O’Cathain said. I thank all noble Lords who participated. The debate has shown a remarkable consistency of theme and generality of approach with regard to the things that we should be looking at and doing—not necessarily identical policies but very much recognising some of the challenges that we face and some of the approaches we should be taking. I am grateful to the noble Lord, Lord Shipley, for talking about coming together and ensuring that we have a truly national, cross-party approach.

The 2008 recession brought to the foreground the debate over the scale and nature of the imbalance in the British economy, but an economic divide between the north of England, the Midlands and the south can be traced back to the 19th century. During the Industrial Revolution, regions built on their strengths: engineering and metal trades in the West Midlands; coal and steel in south Wales; shipbuilding in the north-east and Scotland. London was an important centre for manufacturing but it had already established itself as an international city in finance, law and commerce. We find this in evidence. In 1911, London’s output was already 65% higher than the UK average, compared with that of the north, which was 11% lower. As the UK economy transitioned from industrialisation to services and new technology, the upheaval was felt most acutely in the north of England, Wales and Scotland.

London’s strengths are unparalleled. It is a city like no other. Indeed, it is the world city. It occupies a unique position in the world and government policy should not hold it back, as noble Lords recognised. We do not make regions stronger by making London poorer—a theme developed by my noble friend Lord Shinkwin. But I am sure I speak for all noble Lords in this Chamber when I say that we cannot afford to rely on the strength of a few regions, or indeed a single region, of our country; nor should we seek to—it is fundamentally unfair that a few regions share in the proceeds of economic growth while other regions are left behind.

Questions were asked about the industrial strategy and the attitude towards relocating jobs to the regions on the part of public bodies. I think there was a suggestion from the noble Lord, Lord Liddle, that Defra would benefit from the cleaner air and lower house prices of Cumbria. So it would. We are committed to looking at the relocation of arm’s-length bodies and departmental functions to support growth across the United Kingdom, as we have made clear in the industrial strategy.

It is great to see my noble friend Lord Heseltine in his place today. He was responsible for creating the government offices in the 1990s; those ceased, but we are looking again at the industrial strategy. I am sure

that he will have an important continuing role in public life. As in the Frank Sinatra song, he certainly did it his way and I hope that he will continue to do so.

The 2008 recession was the deepest since the 1930s; output fell by more than 6%. This took place during a global recession and the recovery has been held back by lacklustre productivity. Decline was not experienced equally between British regions, as has been said. GDP declined less in London and the south-east but, again, it has not been uniform there. Hastings has been mentioned and there are certainly parts of the south-east that face serious challenges, as Hastings has historically—it was Mugsborough in *The Ragged-Trousered Philanthropists*. This is nothing new but it still suffers enormous challenges. The recession was felt most acutely in areas that were already behind. All this shows that the policies of successive Governments have not gone far enough to reduce regional disparities.

Since the Industrial Revolution, we have become one of the most centralised developed economies, a point made by the noble Lords, Lord Monks and Lord Bird, and others. London has a magnetic effect, and not just on the people who are relatively wealthy. It means that people are coming to what is the world city. Government can set national policies and create an environment where business can prosper, but economic success depends on businesses and individuals themselves. This is acknowledged by past and present Governments. The previous Labour Government agreed devolution settlements with Scotland, Wales and, building on the groundwork laid by John Major, Northern Ireland as well as in London. I certainly pay tribute to the considerable work of the noble Lord, Lord Prescott, in that regard.

The coalition Government devolved further powers to Scotland, Wales and Northern Ireland. In relation to Northern Ireland, we will of course devolve corporation tax to it once there is a devolved Government there again. However, devolution is not reserved for nations. By reversing the flow of power to the centre the 2010 Conservative-led coalition Government, along with the Liberal Democrats, renewed trust in local institutions for the first time in 40 years. In 2010 we published the *Local Growth White Paper*, which brought an end to top-down government policy. Local enterprise partnerships formed across England and enterprise zones formed throughout the United Kingdom—including in Cumbria with Kingmoor Park, which has helped more than 100 businesses in that area. This policy has been effective throughout the United Kingdom including, I am happy to say, in Northern Ireland where one was set up over the course of the summer.

Two years later, my noble friend Lord Heseltine published his independent report *No Stone Unturned*—a seminal report with very important recommendations. It set out 89 recommendations to rebalance the responsibility for economic development between central and local government, and between government and the private sector. The Government responded by enacting 81 of the recommendations, including the devolution of centrally held funding into a single, competitively allocated pot of money. My noble friend Lady O’Cathain, in what was a very persuasive speech, talked about the importance of that and of the fact

that it has made a great difference to the way that we approach industrial policy in this country, and regional policy as well.

We have also created new mayoral combined authorities based in the northern city regions of Greater Manchester, Liverpool and Tees Valley, as we have in the West Midlands, the West of England and Cambridgeshire and Peterborough, as well as creating a non-mayoral deal in Cornwall. The Government have progressed these developments with broad support, for which I am grateful, from the other parties. We have given these authorities powers over areas including transport, skills and healthcare. To back that up, we have awarded more than £4.8 billion to mayoral combined authorities over a 30-year period. One-third of the population of England now has a directly elected mayor. It means decisions are made by those they affect, and they are accountable to the people whom they serve.

In all parts of England, local enterprise partnerships have increased private sector involvement in decision-making and encouraged greater collaboration across old political and geographical boundaries. They have bid for more than £9 billion of funding through three rounds of growth deals. In Manchester, we have invested £38 million in the National Graphene Institute; in Birmingham, the Institute of Transitional Medicine benefited from £12 million; in Norwich, the International Aviation Academy will train cabin crew, mechanics and pilots of the future; and, in Cumbria, the local enterprise partnership invested £1.43 million in a new centre that will support more than 1,000 apprentices in the manufacturing, biopharmaceutical and nuclear industries, which are clearly very relevant to that area.

The noble Lord, Lord Hunt, referred to the crowded nature of some cities and the Government's policies to make sure we have something that will counter the effect of Bath becoming too crowded. This is again something that has to come from the bottom up, but it is a point well made, and we see towns such as Margate, which was referred to in the debate, coming up with new developments. The Turner Contemporary in Margate is making a real difference. Other towns must come forward with their ideas. Blackpool was mentioned during the debate and may be an example.

This shift from centralism to localism is exemplified by the northern powerhouse. The Government are giving more power and influence to northern towns and cities through metro mayors and Transport for the North than any Government in decades.

We must not forget that disparities exist between the four nations of the United Kingdom as well. The noble Lord, Lord Richard, spoke powerfully about this and very modestly did not mention his considerable role in chairing the Richard commission, which gave many signposts for the future, some of which are still being taken up. I take his point about the political symmetry not being perfect, but he will know as well as I do—we have been at conferences together at Ditchley and so on, although I cannot discuss the content—that the nature of the United Kingdom with, for example, the separate legal system in Scotland, means that we are coming at these things from different angles. It is certainly untidy and ad hoc, but that does not mean that it does not broadly work. I take the

point that we have to ensure that there are not disparities that we cannot live with. We have to ensure that that is not the case.

When Theresa May made her first speech as Prime Minister, she spoke of the burning injustices that still exist in our country—for example, that one's prospects are still determined by the lottery of birth. This cannot continue. Since 2010, this Government, initially in coalition, have achieved much of which they can be proud. In October, we published the race disparity audit, which cannot be ignored and shows that people from different backgrounds are treated differently. We continue to tackle health inequalities. Like the noble Lord, Lord Hunt, I expected that there would be much more on health inequality than was the case, but there are health inequalities that need addressing.

In the Budget last week, the Chancellor of the Exchequer announced plans to improve performance in every region of the United Kingdom. They build on the principles set out in the *Local Growth* White Paper in 2010. We announced our intention to enter into a new devolution agreement with the north of the Tyne, to which the noble Lord, Lord Beecham, referred. That likely lad was extremely honest when he indicated that there have been difficulties with south of the Tyne and north of the Tyne, but I think they have nothing to do with the amount of money being invested there. It is traditional that people in Gateshead will not listen to a radio programme broadcast from Newcastle. We look to the noble Lord, Lord Beecham, to use his good offices there to ensure that things improve. The noble Lord, who is generally extremely fair, made a point about the money being spent in the Oxford-Cambridge corridor. It is being spent there for the very good reason that we are looking at an enormous expansion of housing there, which is something that he, with another hat on, is quite rightly pressing for. To do that, we must have investment in the infrastructure that we indicated on that occasion.

In the Midlands, the second devolution deal with the West Midlands mayor and combined authority will focus investment on productivity, with a government commitment of £250 million from our new Transforming Cities fund.

The devolution deals and the powerful metro mayors that we are seeing—regardless of party—indicate how important it is that we invest, both financially and in terms of energy, in ensuring that these go forward. I hope that Yorkshire comes forward with a deal. Hull should certainly be a part of that, and I look to the noble Lord, Lord Prescott, to use his good offices for Hull and other areas of Yorkshire to come forward. The Siemens issue, as he said, makes Hull unique—as does the noble Lord himself and the lack of BT and the different telecommunications system. There are many things that make a devolution deal effective, and we certainly look forward to that and to effective leaders coming forward in that regard.

Shortly before this debate, we launched our industrial strategy for the United Kingdom, which is set against the backdrop of our exit from the European Union. The changes that confront us are profound, but they present an equally great opportunity to become a confident, competitive trading country. This modern

industrial strategy sets out how government can help businesses create better, higher-paid jobs in every part of our country with investment in skills, infrastructure and industries of the future. It is key to our future, as many noble Lords have said.

The industrial strategy puts great emphasis on place and on some of the historical developments we have seen where individuals have made a massive difference. I think of Sir Tim Berners-Lee redefining the way we can communicate with one another. I think of Sir Frank Whittle, an RAF officer working on a base in Lincolnshire and patenting the jet engine. I think, too, of Sir Alexander Fleming discovering penicillin, one of the greatest medical advances in human history.

All this is important, and it is not just happening in London and the south-east. There are life sciences in Edinburgh, focused on the university; cybersecurity in the University of South Wales; and the Jodrell Bank observatory near Manchester, which was mentioned by the noble Lord, Lord Hunt. I look forward to these being linked with food—there is space research in Leicester, which could perhaps be linked with Stilton and Red Leicester cheeses. This is a challenge I expect these institutions to respond to now. Great work is going on in our universities—and not just in Oxford, Cambridge and the London universities, although of course it is natural that they, as established research centres, would expect to see significant investment.

I turn to infrastructure. The Government know we have more to do to improve journeys between our great cities outside London. Many noble Lords mentioned issues of infrastructure, including the noble Lord, Lord Scriven, and the noble Baroness, Lady Pinnock, and that is absolutely right. In addition to the £56 billion investment in HS2, which is a massive amount, we have of course announced £300 million for northern powerhouse rail, which is being looked at in the context of HS3, as I agree it must be.

Also important, and again referenced by the noble Lord, Lord Scriven, and the noble Baroness, Lady Pinnock, is the issue of fast broadband. The noble Baroness in particular will know the importance of the telecommunications Bill we are taking through at the moment, which is due for Third Reading on 6 December, in providing business rate relief for those businesses investing in fibre for at least the next five years. Again, I thank the parties opposite for their support on this.

In every decision we make, we commit to take greater account of the disparities between places. That is absolutely important. I noted with great interest the very cerebral contribution of the noble Lord, Lord Parekh, on equality. I think it is perhaps a debate for another occasion, but I would certainly like to engage with him on that issue and on the importance of the views of Rawls and Nozick. To some extent, I go along with the importance of a genuine sense of community and shared goals. I was never comfortable with those who said they did not mind people becoming filthy rich. That seemed to me slightly unseemly, but of course it was not somebody from this side who said that but somebody from the other side, in the last Labour Government—possibly the noble Lord, Lord Mandelson.

The United Kingdom has one of the most successful employment markets in the world, with the employment rate nearing a historic high point. Of course, that does not mean there is not more to be done. Our universities are respected the world over and businesses work more closely with educational institutions than ever before. My noble friend Lady O’Cathain, mentioned how students from disadvantaged backgrounds are now 43% more likely to go to university than in 2009. This is based on UCAS acceptances. Still, I note the point about the regional disparities there; Barnsley in the north and Hastings in the south, for example, face massive challenges. This year alone, though, universities have committed to spend £800 million to give students from disadvantaged backgrounds the best chance of taking up a place. We will be watching that like hawks. This week, we committed to putting technical education on the same footing as our academic system, establishing new T-levels—technology levels, I think—and we will invest an additional £406 million in maths education, which again was something rightly mentioned by my noble friend Lady O’Cathain as of key importance.

We are already home to half of Europe’s fastest-growing companies and the most attractive country to invest in in Europe. I accept that there is a challenge to retain that position and we all need to put our shoulder to the wheel to ensure that that is the case. The Budget and the industrial strategy provide support for businesses in every part of the country to get the help they need to improve our productivity. The strategy can succeed only if businesses continue to invest and become more competitive. We have identified areas that need reform in management, access to finance and exporting. These are national problems that the Government have a role in reforming, but these do not replace the ingenuity of businesses themselves. Rather, we will seek to improve the environment in which businesses operate.

The success of our economy depends not just on the size of our gross domestic product but on the reach of that prosperity to all corners of the UK, as this debate has demonstrated. I am sure there are individual points that I have missed but I undertake to write to all Peers who have participated in this debate—including my noble friend Lord Heseltine, who clearly takes a great interest in this area—and place a copy in the Library. Once again, I thank all noble Lords who have participated in this first-class debate that has showed the House at its best.

5.11 pm

Lord Liddle (Lab): My Lords, I thank all noble Lords who have participated in a very good debate. I was particularly honoured by the presence of two former Deputy Prime Ministers, which I think emphasises the importance of the topic. I think there is a lot of consensus that we need more investment. We are talking not about wasting money but about collective action that will pay rich dividends both for individuals and for taxpayers. The only other point that I would make is that the great unanswered questions in our pursuit of regionalism are those that my noble friend Lord Richard so elegantly pointed to in his speech. With that, I beg to move.

Motion agreed.

Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017

Motion to Approve

5.13 pm

Moved by Baroness Vere of Norbiton

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

Baroness Vere of Norbiton (Con): My Lords, this draft order seeks to amend the Renewables Obligation Order 2015, which provides the legislative framework for the operation of the renewables obligation scheme, referred to as the RO scheme, in England and Wales. This draft order makes provision for indirectly exempting eligible energy-intensive industries from up to 85% of the policy costs of funding the RO scheme. The 85% is the maximum that we are allowed to provide as set out in the state aid guidelines. The draft order aims to avoid putting these industries at a significant competitive disadvantage. Our policy of reducing renewable energy charges for energy-intensive industries is similar to that of a number of EU countries such as Germany, France and the Netherlands.

Energy-intensive industries, or EIIs, play an important role in our economy, providing highly skilled, well-paid jobs in manufacturing sectors such as steel, chemicals, glass and ceramics, often in areas of economic disadvantage. These businesses use a significant amount of energy in their production processes. While our industrial gas prices are internationally competitive, our industrial electricity prices are higher than those in other European countries. In the EU 15, the UK's industrial electricity prices for large consumers were the highest after Italy's in 2016. This places UK EIIs at a competitive disadvantage as they operate in a global marketplace and cannot easily pass on these increased costs to international consumers. As a result, EIIs may decide to move production abroad or make further investments overseas in countries with lower policy costs than the UK.

In order to meet our legally binding climate change and renewable energy targets, we have implemented a number of policies designed to incentivise generation of electricity from renewable resources, including the RO scheme being discussed today, the contracts for difference, or CfD, scheme and the feed-in tariff scheme. The costs of these policies are recovered through obligations and levies on suppliers, who pass these additional costs on to customers. The RO scheme has since 2002 been the main financial mechanism to incentivise deployment of renewable electricity generation in the UK. Renewables generating stations supported under this scheme contributed nearly a quarter of the UK's total electricity supply in 2016, up from just 3% in 2002. The scheme is funded through an annual obligation on UK electricity suppliers to present a certain number of renewables obligation certificates, or ROCs, sourced from renewable electricity generators to Ofgem, the administrator of the scheme, in respect of each megawatt hour of electricity supplied.

The Government's intention is to protect EIIs from these additional costs and, where possible, to do so using an exemption rather than compensation scheme. The reason for this is that exemption gives greater

certainty to businesses that the support from government will continue as it is set out in legislation rather than being subject to potential uncertainties in budgets. Furthermore, exemption from charges rather than compensation can result in additional working capital becoming available for other business uses.

The CfD scheme already has an exemption scheme for eligible EIIs and regulations were made last month. Specifically, these cover an exemption for EIIs from up to 85% of the costs of the CfD scheme. On the RO scheme, which we are discussing today, we have been compensating eligible EIIs for 85% of the indirect cost of the RO since January 2016. In the 2015 spending review, the Government announced that they would move to an exemption scheme, and this order will do that. We consulted on our proposals for how we plan to deliver the RO exemption and received 69 responses to the consultation. The RO exemption is intended to be available to the same EIIs as are eligible for the CfD exemption. The administration of the RO exemption, including the EII application and the certification process, will be carried out through the same processes already set up in respect of the CfD exemption.

Finally, for the feed-in tariff scheme, the move to an exemption scheme may take slightly longer than originally anticipated, and the compensation scheme will continue. The reason for that is that state-aid considerations will necessarily take longer to resolve.

I turn to the impact of the EII exemption from the RO scheme on other electricity consumers. We recognise that it will redistribute the costs. We estimate that this would increase the average annual household electricity bill by around £2.30 or 0.2% each year to 2027-28. We estimate that the impact of this policy on the number of households in fuel poverty will, thankfully, be small. These measures should be seen in the context of steps that the Government have already taken to reduce household electricity bills. Our energy efficiency policies reduced the average household energy bill by £14 in 2016. The energy company obligation, or ECO, together with the warm home discount scheme provided at least £770 million of support for low-income and vulnerable households in the current year. We have published a draft Bill that would require Ofgem to impose a price cap on standard variable tariffs and other default tariffs that customers are moved on to at the end of a fixed-term deal, bringing an end to unjustifiably high prices.

Just last month, we also published Professor Dieter Helm's independent review into the cost of energy. We will now take the time to assess carefully his proposals on how to reduce costs across the electricity sector and on how policy costs should be allocated.

Furthermore, as we set out in our *Clean Growth Strategy and Industrial Strategy* White Paper, we are developing a package of measures to support businesses to improve how productively they use energy. We will consult on this in 2018. We aim to improve energy efficiency by at least 20% by 2030. We will be working with the most energy-intensive sectors to implement the joint action plans we have developed with them on industrial decarbonisation and energy efficiency.

Turning to the detail of the legislation, this instrument makes a number of amendments to the Renewables Obligation Order 2015 to provide the legislative basis

[BARONESS VERE OF NORBITON]

to exempt eligible EIIs from up to 85% of the indirect costs of the RO scheme. In particular, it makes changes to the methodology for calculating the size of the annual supplier obligation, referred to as the obligation level, to reflect the fact that it will be applied to a narrower consumption base. Noble Lords may be interested to know that in the light of stakeholder feedback during the consultation, we have revised the methodology for calculating the RO supplier obligation to adopt an equally robust but more straightforward option for implementing the exemption.

The order also changes the scope of the obligation to exclude electricity supplied to eligible EIIs. The draft instrument also imposes additional requirements on electricity suppliers to provide information to Ofgem and BEIS about the supply of electricity to eligible EIIs for the ROs end-of-year supplier compliance process.

The instrument sets out a process for introducing the exemption, which will entail calculating and publishing a revised version of the 2018-19 obligation level to take into account the new exemption methodology. This process has been designed to provide some lead-in time to suppliers and EIIs to ensure that processes are in place to administer the exemption and that suppliers, especially the small, independent companies, have a chance to adapt their systems.

The Government intended the exemption to be introduced in January 2018. However, as the timings for achieving that start date have now passed, subject to parliamentary approval, we now expect this to be implemented from 1 April 2018 and to publish a revised 2018-19 obligation shortly.

This draft instrument applies to and implements the RO exemption for England and Wales. It is intended that the exemption should apply across Great Britain. The Scottish Government have devolved responsibility for administering the RO in Scotland. They have approved an equivalent provision for delivery of the RO exemption through the draft Renewables Obligation (Scotland) Amendment Order 2017. The exemption will not be introduced in Northern Ireland at this stage. However, it may be extended to Northern Ireland in future. As a devolved policy matter, this would be for a restored Northern Ireland Executive to take forward if they so decided.

The House of Lords Secondary Legislation Scrutiny Committee raised two points following its scrutiny of the draft order: first, why has BEIS decided on this change so soon after the compensation scheme was introduced; and, secondly, whether BEIS is seeking state aid clearance to extend the RO exemption to direct competitors?

On the first point, the compensation schemes were introduced in January 2016 following the announcement in the 2014 Budget. However, the Autumn Statement 2015 then announced the Government's intention to change to an exemption scheme, specifically to provide an exemption for energy intensive industries, including the steel industry, from the policy costs of the renewables obligation and feed-in tariffs.

On the second point, direct competitors are those businesses which compete with EIIs but are not themselves eligible for the exemption. The Government submitted

a state aid notification to the European Commission to address the issue of potential intrasectoral competitive distortions, but the Commission does not think that our proposal is compatible with the relevant state aid guidelines. The Government are exploring alternative options which may be available within the scope of those guidelines, and we will consult on widening eligibility for the exemption schemes for EIIs to address this potential issue while taking into consideration the impact on consumer bills.

The draft order will make the necessary changes to the Renewables Obligation Order 2015 to allow us to exempt eligible EIIs from up to 85% of the indirect costs of funding the RO scheme. The measures set out in the order will provide these businesses with greater long-term certainty and potentially release working capital. Furthermore, they will mitigate the risk that these companies are at a significant competitive disadvantage and might therefore choose to move their production abroad. I beg to move.

Lord Deben (Con): My Lords, I declare an interest as chairman of the Committee on Climate Change. I thank the Minister for her introduction of this order. I do not wish to make comments on the best way of doing these things; that is a matter for the Government. I want to underline some of the points my noble friend has made. The first is on the effect of the actions of the Government on domestic fuel bills. Although this is largely—indeed, almost entirely—concerned with industry, it raises again the canard that somehow or other our green measures mean that people pay more in their bills. But, of course, they do not. The Climate Change Committee has carried out very extensive work on this. I think 85% of the population have a combined tariff and are paying some £9 a month more because of our green measures, but their bills are £20 a month less because of the energy efficiency actions that have resulted—in large part from those measures.

That was hugely attacked by those who do not believe in climate change, but they could find nothing wrong in the mathematics. That was their finest argument which has now been removed from the case. On these matters, we ought to be using facts rather than emotion, and we should be clear about it. If we have more efficient equipment, better boilers, better toasters and, if I may say so to Sir James Dyson, better vacuum cleaners, people will not need to use as much electricity, and this has been very notable.

I am glad that my noble friend raised that question because it is important for people to recognise that we have this in mind all the time, not least because the Climate Change Committee has a commitment to protect and help those who are in energy poverty. I do not want anyone to think that we do not think about it as a permanent part of how we work these things out.

She also said that the purpose of the order is to ensure that heavy energy users will still find it possible to manufacture and export from this country, and will not be forced elsewhere. The Climate Change Committee regularly investigates this, and has shown that there is no evidence that our green measures are driving anybody abroad. It is a matter that we have to look at all the time. It is not static. We have constantly to look at this, and I am pleased that the Government have taken

these measures. However, I have to say—because it would be unfair not to from my independent position—that they were pretty slow in doing it, and we had to assure the industry that it was coming. When the committee looked at the effects of the reductions in compensation provided in that case, it seemed to us that by and large they were satisfactory—indeed, more than satisfactory if one had concern about it. I must say that it is not always the view of the industry, but it would say that, wouldn't it? We have more or less got it right, and I want to say so, because sometimes I have to be pretty tough on what the Government have been doing. In this particular case, in the way in which it has been implemented—apart from the tardiness—it has been very effective.

I want to finish by saying something about industry itself. I was sorry that my noble friend did not raise this matter, but it is no good if industries which rely on a great usage of energy think that they are merely let off the hook. The reality is that we all have to fight the battle against climate change. If you are a heavy user of electricity, or, indeed, of energy in general, there is a heavier weight on your shoulders to reduce that use, be more efficient, use newer technologies and ensure that you use alternative methods of producing goods if they are available. It is also very important that these industries do not overstate their case as in many cases the energy costs which go into producing their products are nothing like as high as is suggested. We have chosen these industries because they are remarkable, in the proper sense of that word, in that they have high energy costs. However, that does not excuse any of them not seeking to reduce their costs and emissions.

I am not attacking the industries concerned as some have been extremely good but that behaviour is not universal. There is a tendency for people to say that someone else ought to help them. However, it is important and apposite to repeat that we are all in this together. Climate change is happening and everybody has to oppose and fight it. None of us can get off the hook by saying that we are a special case. Therefore, I hope that my noble friend the Minister will do her best to remind these industries that the community accepts that this burden has to be carried more widely, but in return it demands that they become more efficient as that is the only deal on offer.

In that regard, I hope that my noble friend will look very carefully at any changes that she intends to make following the publication of recent reports and the like as this area is very complex. We spend a lot of time looking at these issues and we have to be careful about some of the solutions that are put forward which appear easy or arise from prejudiced approaches. We need to be very clear that we need to listen to the whole range of advice before we make changes. Therefore, I am pleased that the Government have taken some time to decide exactly how to approach this issue and that they will look for other ways to satisfy the problem to which she referred, while ensuring that they act within the European Union rules. I hope that she will not mind my saying that it will be a great sadness for Britain when we do not have these rules as we will then be dealing with other people who are kept within sensible returns by what is on the whole a very

good system in the European Union. That matter is for another day, but I hope that my noble friend realises that I am not going to let her off the hook on the subject of Brexit, which is, of course, the most disastrous policy that any of us have dealt with for many years.

Baroness Featherstone (LD): My Lords, the noble Lord, Lord Deben, made some of the points I intended to make although he is somewhat more forgiving than I am. I want to put on record concerns about the exemption for the eligible energy-intensive industries from a proportion of the indirect policy costs of the renewables obligation scheme. Obviously, I can understand why it seems desirable to remove any cost to our industries that might make them less competitive. However, what would make them most desirable would be to reduce their costs by addressing the need to decarbonise, even in the most challenging of those industries. I am concerned by the message that this measure sends out—namely, that to an extent these industries are being made a special case, as the noble Lord, Lord Deben, said, and that environmental measures are dispensable when they come up against competition.

To meet our 2050 ambition to cut emissions from UK industries from 100 to 27 metric tonnes of carbon dioxide, we need to address the issue, not circumnavigate it. Obviously, that is challenging, as certain materials—such as those in steelmaking—require a lot of energy to reach the required temperatures, and certain materials developed for industrial use create emissions because of the chemical processes that they must undergo.

I know that the Minister referred to some of the things that the Government are doing, but they must encourage and, in a sense, force the issue. They need to make industries take action to reduce their carbon footprint, and push them to find suitable low-emission substitutes for materials, introduce radical resource efficiency programmes and reverse supply chains, as well as look at energy efficiency for industrial plants and CCS programmes.

The reallocation of financing for the exemption means that it will fall on those who have done nothing to deserve it. I am a great fan of the “polluter pays” principle, rather than it being put on the “canard” of energy prices, as the noble Lord, Lord Deben, said. The exemption is not the biggest of deals; I think some 130 companies will be affected by the scheme. As I said, it is not merely about the money; it is the fact that companies are being let off the hook and not being forced to do the right thing.

Lord Grantchester (Lab): I thank the Minister for her introduction of the order. She explained it very well; I will not need to detain the House for very long. I am grateful to her for explaining all the technicalities, updates and timetabling.

As is customary on these occasions, I do not oppose the order. Indeed, I support it, albeit with some comments to make and questions to ask. This side of the House supports the objective behind the order to enable energy-intensive industries to be internationally competitive. They are large, important sectors of the economy; they are of key strategic importance to the

[LORD GRANTCHESTER]

UK's future well-being, not only on their own merit but because they provide key core products needed in many other industries.

I have a few questions on the order that highlight some possible snags where clarity would be of great assistance. I thank the Minister's department for the excellent memorandum that it produced for the order, although I was surprised by page 4, which states:

"This move will also reduce government spending and is in line with Government's long term economic plan".

I was wondering what long-term economic plan it means. Do the Government have one? The statement is perhaps pertinent where it states that this will reduce government spending. The order removes the cost borne by the taxpayer in the previous, post-event compensation scheme and puts it, via the exemption scheme, firmly on real-time bills, borne by the bill payer—the consumer. That element was keenly debated in the other place, as it transfers the costs from every taxpayer on to only those who are householders. The Government are correct to state that there is a huge cash-flow benefit for the energy-intensive industries to do this, and that it is administratively beneficial. That is recognised and agreed. However, behind the shift from taxpayers to bill payers, I have several questions where this effect should be clarified, so that one can judge whether we should be doing this. At this point in my remarks, I am grateful for the contribution of the noble Lord, Lord Deben—his points were very well made, and echoed by the noble Baroness, Lady Featherstone.

The memorandum explains that the RO exemption can be valued at £200 million a year to energy-intensive industries. That is further explained as being worth £3.2 million per annum to the average EII—a considerable sum. The memorandum states that the Government wish to expand the list of energy-intensive industries to many competitors in the industry. Does this value of £200 million relate only to the existing exempt participants, and, if so, what would be the total cost should the exemption be expanded? The memorandum explains that the Government are awaiting state aid clearance for this, whereas the Minister in the other place, since echoed by the Minister tonight, seems to suggest that this clearance has been denied by the EU. Is there time to seek other solutions or will the Government merely await the UK leaving the EU?

The costs of the RO exemption following this order will be redistributed to non-eligible domestic and business users, increasing their bills. The memorandum illustrates the redistribution between households and businesses of various sizes without defining the category of small, medium and large businesses. I presume that there is a continuum of business sizes rather than a banding. Would it not therefore be more transparent to include the increased cost in terms of cost per kilowatt hour? The key aspect to understand is the precise increase in percentages on each business size.

The memorandum has confused me, as it states on page 4 that to a small business energy user the cash cost average would be £160 per year, yet on page 7 of the impact assessment the figure is put at £4,300 as a best estimate. Can the Minister explain this discrepancy? Whatever the figure, if the average small energy user

has their energy bills increased by the introduction of this measure—from what I have been able to research, by a figure of 10% or more—this is a significant amount and should have a bearing on the policy. Is this not a key disbenefit of the policy on the large entrepreneurial section of the economy—the small business sector? Similar arguments could also be applied to medium and large businesses.

Another key consequence of the transfer from taxpayers to bill payers will include the effect on the poorest of our society: those in fuel poverty. The impact assessment recognises this but makes no monetary impact assessment other than making the statement that,

"there will be a very small increase in the number of fuel poor households".

This is hardly an appropriate position to take without explaining exactly what this will mean in their numbers, the increase in cost and what percentage that cost is, both with the narrow and the wider definition of those in the energy-intensive industry. Will the Government revisit the ECO and other measures in consequence of this measure?

This measure is also subject to the levy control framework. When the memorandum states that this matter will reduce government spending, will it result in a reduction of the budget of the levy control framework, allow another important aspect of expenditure to go ahead under the framework, or merely reduce the disputed amount of the overspend of the framework? Can the Minister explain? Are the Government making progress in their review of the levy control framework?

While I welcome the help this provides to the energy-intensive industries, there seems to be a bit-by-bit implementation of measures, first in relation to the CFD, now in relation to the RO, and soon in relation to the FIT scheme. The Minister indicated in her remarks that there are problems with the FIT scheme and that state aid difficulties could delay it further. However, what is the continuing extra creep on costs transferred to other businesses by the accumulation? Relentless increases on bills to the householder under the standard variable tariff is quite rightly an issue to be addressed. Have the Government thought this through and do they have a consistent and comprehensive plan?

5.45 pm

Baroness Vere of Norbiton: I thank all noble Lords for their contributions to this very important topic. I turn, first, to the comments of my noble friend Lord Deben. I agree with him that there are pressures on bills both upwards and downwards. As he pointed out, thankfully the downward pressures are currently winning out, which is very positive. Clearly there is much more to be done in energy efficiency, but at the moment the downward pressures are far greater than the upward ones.

My noble friend mentioned that the Committee on Climate Change looked at the potential for carbon leakage by companies choosing to move abroad to take advantage of different policy environments. I am pleased that the committee concluded that the threat is small, although we should not ignore it completely. However, it is right to support these industries so that

we are certain that they will stay in our country and continue to employ people, particularly highly skilled people, in diverse industries.

On timing, perhaps I may lay the blame at the feet of the EU Commission. We submitted our pre-notification on this matter in April 2016 and received a response in June 2017. We published our response to the consultation and laid regulations the very next month, so I believe we acted as quickly as we could. However, on a positive note, I hope that the energy suppliers will have used the time to make sure that they are fully prepared for the introduction of the regulations.

Lord Deben: I was not referring to the present scheme; I was referring to the original promise the Government made and the introduction of the system that this is replacing. There was an unnecessary gap there but it was not to do with the European Union.

Baroness Vere of Norbiton: In which case my noble friend has my apologies. I am aware that the original compensation scheme was mentioned in the 2014 Budget but was then not introduced until January 2016. I hope that that was to make sure that the system was bullet-proof when it was introduced and not for any other reason.

My noble friend is completely right about businesses becoming more energy efficient. We expect all EIIs to bring down their costs through their own measures, and they are doing so—for example, through the joint industrial decarbonisation and energy efficiency action plans, which seven of the most energy-intensive sectors have already developed with the department.

The noble Baroness said that the policy will impact those who are worst off. I mentioned in introducing the order that we have taken huge steps to help those on the lowest incomes and the most vulnerable with the energy company obligation and the warm homes discount. I can only reiterate that we are doing these things.

Baroness Featherstone: I just want to correct the noble Baroness. I do not think I said “the worst-off”; I referred to those who did not deserve it.

Baroness Vere of Norbiton: I thank the noble Baroness and take on board that she said “those who did not deserve it”.

She also talked about the polluter pays principle. I do not think that the department would say that we are turning our back on that. We believe that all industries should be looking at energy-efficiency measures, particularly the EIIs. Many of them operate on very small margins. They are constantly looking at ways to increase their margins and energy efficiency is one of those ways.

I turn to the many points raised by the noble Lord, Lord Grantchester. If I cannot provide full clarity, I promise that I will write to him. He mentioned the long-term economic plan. Of course we still have one and it is made up of all the measures that we are putting in place. Most recently we had what I feel was a very successful announcement in the Budget. There is also the industrial strategy and there are many more things to come, so we will be building a Britain fit for the future.

Direct competitors are a very important issue and we looked at it in great detail. Direct competitors are companies that compete with the EIIs and, if they do not get this benefit, they will be at a disadvantage. When the state aid notification was put in in 2015—noble Lords will recall that there was much comment about the steel industry at that time—we split it into two sections, the first being for the EIIs which have 20% electricity intensity. With the second, we were hoping to build a group of people of average sector electricity intensity and EU nomenclature of manufacturing products. We need two different criteria to define these groups. We have not yet had approval for the second but we are not giving up. We are considering the options available to us for these direct competitors within the scope of state aid guidelines. Resolving this issue will need a fair amount of work and further discussions with the EU Commission.

The noble Lord, Lord Grantchester, mentioned how costly this would be for consumers of these additional direct competitors. We are not in a position to say this at this time because we do not know how many of those organisations would be included in this new group of people.

The noble Lord made a number of comments about the average cost and increases to bills. I have seen no figure greater than 0.7%. However, I should like to write in detail to the noble Lord. I believe there has been some mix-up in my mind, the noble Lord’s mind or the memorandum about whether a business is a small business or a small energy user. Obviously, a large business could use a small amount of energy.

I am afraid I shall have to write to the noble Lord on other issues around the levy control framework.

The RO exemption is a key component of our programme to reduce electricity costs for EIIs. It will help avoid putting these industries at a significant competitive disadvantage.

Lord Grantchester: In her remarks and answers to me, for which I am grateful, the noble Baroness omitted anything on my questions about fuel poverty. If she could make sure that that is included in her reply, it would be greatly appreciated.

Baroness Vere of Norbiton: The noble Lord is quite right. I did omit them. I have it in my notes that I will also include it in the letter that I write to him about the other detailed calculations.

Motion agreed.

Scotland Act 2016 (Onshore Petroleum) (Consequential Amendments) Regulations 2017

Motion to Approve

5.52 pm

Moved by Baroness Vere of Norbiton

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

Baroness Vere of Norbiton (Con): My Lords, the Scotland Act 2016 implements the Smith commission agreement by devolving a range of powers to the Scottish Parliament and Scottish Government. As recommended by the Smith commission, it was agreed that powers related to onshore oil and gas licensing, aside from those relating to royalties, would be devolved to Scotland.

The Scotland Act 2016 transfers legislative competence for onshore petroleum to the Scottish Government with the exception of matters relating to setting and collecting licence rentals. It also includes provisions for Scottish Ministers to exercise powers currently held by the Secretary of State or the Oil and Gas Authority in relation to onshore licensing in Scotland. These consequential amendments complement the provisions of the Scotland Act 2016 and assist in giving the Scottish Parliament and Scottish Ministers greater control over their onshore oil and gas resources.

The intention is to transfer the existing UK onshore licensing regime, as it applies in Scotland, to Scottish Ministers. This will provide Scottish Ministers with the powers to administer the existing onshore oil and gas licensing regime in Scotland and to create a bespoke licensing regime if they so wish.

To implement the relevant powers in the Scotland Act, we need to make two statutory instruments. First, these affirmative regulations make consequential amendments to the taxation legislation. Secondly, negative regulations will make consequential amendments to the licensing regime. BEIS officials have been working closely with the Scottish Government, HMRC, the Scotland Office and the Oil and Gas Authority to prepare the regulations. Once the Scotland Act 2016 provisions concerning onshore oil and gas are fully in force, onshore oil and gas licensing in Scotland will be the responsibility of Scottish Ministers and they will be responsible for granting relevant licences. Currently there are four onshore oil and gas licences in Scotland. There is no production from any of the licence areas.

I turn now to the detail of the regulations. These affirmative regulations make minor consequential amendments to taxation legislation to reflect the role of Scottish Ministers as the licensing authority in Scotland in order to allow the tax legislation to work as intended in relation to onshore areas in Scotland. The regulations provide for the position both before and after commencement of the Wales Act 2017, which makes equivalent provision for devolution of onshore oil and gas licensing to Wales. As recommended by the Smith commission, it was agreed that powers related to consideration payable for licences and related matters remain reserved and will therefore not be devolved to Scotland. This was set out in Sections 47 to 49 of the Scotland Act 2016.

Taken together with the forthcoming negative regulations, these provisions transfer responsibility for onshore petroleum in Scotland to Scottish Ministers, including responsibility for existing licences. The provisions provide Scottish Ministers with the powers necessary to administer the existing onshore oil and gas licensing regime in Scotland and to create a bespoke licensing regime. Furthermore, with the commencement of

Sections 47 and 48 as part of the devolution of onshore petroleum licensing, mineral access rights will also be devolved, transferring responsibility for the process by which rights of access to private property are determined, delivering another key recommendation of the Smith commission.

This affirmative statutory instrument could be laid in Parliament only after the Wales Bill received Royal Assent in January 2017, as it makes amendments that anticipate amendments made by the Wales Act 2017. The negative regulations will follow these affirmative regulations to make consequential amendments to the licensing regime. There has been no specific consultation on these technical amendments, since they are necessary to the effective operation of the provisions set out in the Scotland Act 2016, which was consulted on separately. Additionally, transferring powers from the UK Administration to a devolved Administration does not count as a regulatory provision, so we are not required to do a regulatory impact assessment.

To conclude, the regulations assist in giving the Scottish Parliament and Scottish Ministers greater control over their onshore oil and gas resources, complementing the provisions of the Scotland Act 2016. These regulations make minor amendments to legislation governing taxation to ensure a smooth devolution of powers for onshore oil and gas licensing to Scottish Ministers. This measure is an important step towards delivering a recommendation of the Smith commission agreement. I beg to move.

Lord Fox (LD): My Lords, I broadly welcome the devolutionary nature of this instrument. I think that my noble friend beside me would not forgive me if I did not say that we prefer an expansion of renewable energies rather than hydrocarbons, whether in Scotland or in the rest of the United Kingdom, and that should be put on record.

I am slightly confused and I may have misheard, so perhaps the Minister can guide me. I thought that the Minister said that consultations in drawing up these regulations had gone ahead with the Scottish Government, but the briefing says that there was no consultation. I would hope that these measures have been brought forth with the full understanding and consultation of the Scottish Government and I expect that they have. In that measure, I have nothing else to add.

Lord Grantchester (Lab): I thank the Minister for introducing this measure to your Lordships' House. As she explained, it is consequential to the Scotland Act 2016, commencing further devolution to Scotland once we undertake a similar instrument extending such powers to Wales under the Wales Act 2017. These provisions are included in the Energy Act 2016. The regulations devolve licensing power for petroleum exploration and development to Scotland. It is noted that this includes fracking.

The regulations provide for the position both before and after the commencement of the Wales Act 2017, which makes the equivalent provision for devolution of onshore oil and gas licensing to Wales. There is no material change to taxation legislation and no direct cost to business from these regulations.

These Benches entirely support and agree with the regulations. My only question arises from the lack of a commencement date. Does the Minister have any prospective date in mind that the Scottish Parliament can look forward to?

Baroness Vere of Norbiton: I thank noble Lords for their contributions to this short debate. The noble Lord, Lord Fox, mentioned that the Liberal Democrats would like to see more renewable energy in Scotland. I echo that. It is a matter for the Scottish Government's process. I ask the noble Lord to forgive me if I was unclear on the consultation process. There has been full consultation with the Scottish Government. There has not been a broader public consultation because that had already happened in the Scotland Act process.

On the point raised by the noble Lord, Lord Grantchester, onshore oil and gas includes hydraulic fracturing, which has been subjected to a temporary moratorium in Scotland for a little while now. When these powers go to Scotland, it will be for Scottish Ministers to decide whether they want to change the way in which they undertake the moratorium. That is a decision for the Scottish Government. On commencement, the regulations will commence at the same time as Section 48 of the Scotland Act, as soon as the negative regulations have been laid.

Motion agreed.

House adjourned at 6.01 pm.

