

Vol. 797  
No. 291



Thursday  
25 April 2019

PARLIAMENTARY DEBATES  
(HANSARD)

# HOUSE OF LORDS

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| <b>Abbreviation</b> | <b>Party/Group</b>            |
|---------------------|-------------------------------|
| CB                  | Cross Bench                   |
| Con                 | Conservative                  |
| DUP                 | Democratic Unionist Party     |
| GP                  | Green Party                   |
| Ind Lab             | Independent Labour            |
| Ind LD              | Independent Liberal Democrat  |
| Ind SD              | Independent Social Democrat   |
| Ind UU              | Independent Ulster Unionist   |
| Lab                 | Labour                        |
| Lab Co-op           | Labour and Co-operative Party |
| 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 25 April 2019

11 am

Prayers—read by the Lord Bishop of Durham.

## Railways: Midland Main Line Question

11.06 am

Asked by **Lord Scriven**

To ask Her Majesty's Government when the Midland Mainline will be electrified all the way to Sheffield.

**The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con):** My Lords, the midland main line enhancement programme will extend electrification from Bedford to Kettering and, subject to design, Market Harborough. Further to this, HS2 phase 2B will electrify the line from Clay Cross to Sheffield. The Department for Transport has taken the decision not to extend electrification beyond this, but instead to deliver new bi-mode trains for intercity services. This will mean that passengers benefit from faster journeys, more seats and better-quality trains.

**Lord Scriven (LD):** I welcome the Minister to her new post and wish her well. However, the Royal Institute of Mechanical Engineers and the Rail Industry Association point out that hydrogen bi-modal trains, which look to be piloted on this line, cannot exceed 87 miles per hour and cost more over the lifespan than electrification, while the capacity for storage means that they are not suitable for high-speed, long-distance railway trains. Why are those organisations wrong and the department correct?

**Baroness Vere of Norbiton:** I thank the noble Lord for his kind words and pay tribute to my predecessor, my noble friend Lady Sugg. People say to me, "She was a very good Minister, you know?"—yes, I know exactly what they mean. Bi-mode trains at the moment run on electricity and diesel, depending on electrification of the track. GWR is already running these trains, and they will be available on LNER on 19 May. The noble Lord talks about hydrogen cell trains, which are a very important development. Abellio, which has the East Midlands franchise, will trial those trains from 2026. With all due respect to current experts, I expect there to be improvements in these trains and we will see how they work when they come into trial in 2026.

**Lord Blunkett (Lab):** My Lords, it is very rare that I am in full agreement with the noble Lord, Lord Scriven, but on this issue I am. I welcome the noble Baroness to her post and I think people will say the same about her when she leaves it as we feel about the noble Baroness, Lady Sugg, which is that she was a damn good Minister.

We have some of the worst rolling stock and the worst service on the most-used line. It is 160 miles from Sheffield to London—I say "Sheffield to London" rather than "London to Sheffield"—with all the major urban areas in between. We need not only immediate action but real reassurance that we will get the kind of service that people deserve.

**Baroness Vere of Norbiton:** I agree with much of what the noble Lord said. We recognise that there are challenges across our rail network. That is why we are investing £48 billion over the next five years. This is the biggest modernisation of our rail network in more than a century and represents more than half of our national transport budget. The improvements to the midland main line will benefit from £1.5 billion. There will be faster journeys and more seats, but the important thing to recognise is that there will also be reduced disruption for passengers as the improvements come online.

**Lord Lexden (Con):** Will careful consideration be given to heating on the trains to Sheffield, for the sake of passengers who do not wear ties?

**Noble Lords:** Oh!

**Lord Lexden:** Should we not also wish our excellent new Transport Minister well as she prepares to familiarise herself more fully with London's road network by taking part in the marathon?

**Baroness Vere of Norbiton:** I thank my noble friend, although I am not sure of the heating benefits of a tie, having never worn one. Of course, we must look at passengers' comfort when they travel. Many factors make for a good passenger experience. A recent survey showed that the age and quality of the trains is very important.

**Lord Rosser (Lab):** I, too, welcome the Minister. I agree that she has a hard act to follow in the noble Baroness, Lady Sugg, but I am sure that she will do so with flying colours. This Government have a record second to none when it comes to scrapping or deferring major railway electrification schemes. Indeed, it now appears as though the future of HS2, which the Minister mentioned, may become a political football in the quest for votes in the forthcoming Conservative Party leadership campaign. Two days ago the Environment Secretary, Mr Gove, told the 16 year-old climate change campaigner Greta Thunberg that she had been "heard". If that statement was not merely a public relations platitude, why do the Government and some of their leading Members abandon or defer, and threaten to abandon or defer, major railway electrification projects in favour of the continuation of less environmentally friendly diesel or part-diesel services?

**Baroness Vere of Norbiton:** Electrification is merely a form of propulsion for trains. It is not the be-all and end-all. It comes at a cost, sometimes to local communities. For example, if we use bi-mode trains in diesel mode—I refer to modern diesel engines—there is no need for the intrusive wires and masts that concern local

[BARONESS VERE OF NORBITON]  
communities. The environmental impact of these trains is less than that of current ones. I believe that any thoughts of HS2's demise are greatly exaggerated.

**Baroness Randerson (LD):** Millions of pounds have already been spent on raising the bridges on the 22 miles that will lie in the middle of the two electrified sections of this line. Is it not time to learn lessons from the Great Western electrification, and accept that electrification can now be done for half the cost of that original project and that, as they currently stand, bi-mode trains are heavier and more costly to run and maintain? Does the Minister accept that the whole line should be electrified?

**Baroness Vere of Norbiton:** I am afraid to disappoint the noble Baroness but the Minister does not accept that. We looked at the costs and benefits of the full electrification of this line and concluded that, in terms of passenger experience, the same benefits can be achieved by going a different way. She mentioned the money that has been spent on bridges. However, it was not wasted: it has improved the stability of those bridges, many of which were fairly old, and means that the passage of freight is now easier.

**Lord Berkeley (Lab):** My Lords, Transport Ministers stated last year that all diesel propulsion would be removed from the network by 2040 to help with carbon reduction. I welcome the Minister but, according to her figures, all these bi-mode trains will be only 14 years old and will still have a half-life by the point at which the Government are supposed to have cancelled all diesels. What will happen to them?

**Baroness Vere of Norbiton:** Ah, but the devil is in the detail. We said that we will end diesel-only trains by 2040, so bi-modes do not count. It is worth pointing out that the bi-modes we expect Abellio to use under the East Midlands franchise are in design and development. There will be many new improvements and we look forward to welcoming these trains.

## Immigration: Community Sponsorship Question

11.14 am

Tabled by *Baroness Sheehan*

To ask Her Majesty's Government what assessment they have made of the progress of the community sponsorship scheme in supporting resettled refugees in the United Kingdom.

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

**Baroness Barran (Con):** The Government's view is that community sponsorship is a success, thanks to the commitment and compassion of community groups

directly welcoming and supporting resettled refugees in their communities. Since the scheme began in July 2016, 219 refugees have been resettled by community sponsor groups across the UK, and the number of community groups taking part continues to increase.

**Lord Paddick:** My Lords, based on the Canadian experience, allowing community groups to take responsibility for refugees should be an economical, efficient and effective way of integrating refugees into society. Yet, as the Minister said, only 219 refugees have been resettled through this route, despite the Home Office providing £1 million in funding to provide training and support for these community groups. What has gone wrong?

**Baroness Barran:** I thought the noble Lord was asking a very fair question until the last moment. I do not think anything has gone wrong; we are seeing a significant acceleration in the number of groups at different stages of the process. Just over 50 groups have gone through the whole community sponsorship process. The work done by Reset and other civil society groups around the country has addressed some of the blocks that meant we got off to a slow start. The application process has been significantly simplified, the training is now available on the Reset website, and groups are starting to share their successes. There are now over 100 groups in the process of application, so we can be confident of seeing a strong increase next year.

**Lord Dubs (Lab):** My Lords, many people who welcome the idea of community sponsorship have said to me that the scheme in this country is too bureaucratic and that we just cannot get it organised. Is there any way in which the Government could look at this and cut through the red tape so that local people can get on with it and provide the sponsorship support they want to?

**Baroness Barran:** I thank the noble Lord for his question. At the risk of repeating myself, there really has been a visible acceleration in the number of groups applying. It was just a handful in the first 18 months or so of the programme, and it is now accelerating quite quickly. A good conversation is going on between community groups. If the noble Lord has specific examples, I am happy to share them with those responsible.

**Baroness Berridge (Con):** My Lords, it is good to hear that there is now an acceleration in the number of groups applying to be community sponsors, but—as I understand it—community sponsorship is currently available only to refugees who come through the various vulnerable people schemes. At the moment it is not being used as a model for those who apply for asylum in the UK and are successful in being granted refugee status. Can my noble friend outline whether there are any proposals to make sure that this model is used in future for those granted refugee status in the UK? If not, we run the risk of a two-tier system.

**Baroness Barran:** My noble friend makes a good point. There are currently no plans to expand this scheme to those granted refugee status through the in-country asylum process. Having spoken to a number of groups working in this area, the line of support offered by community groups is not tightly defined by the refugees' original status—whether they were resettled or in-country applicants—so a lot of in-country asylum seekers and refugees are receiving support from their local community groups.

**The Lord Bishop of Durham:** My Lords, I declare an interest as a trustee of Reset. Thanks to the work of Reset, the Global Refugee Sponsorship Initiative and others, community sponsorship is now being taken up more rapidly, as the Minister said, and explored in communities across the world. This growth underlines the importance of measuring and learning from the outcomes on sponsored refugees and the sponsoring community. What data does the Government collect? Will they make it public so that community sponsorship can keep growing in number and quality?

**Baroness Barran:** I thank the right reverend Prelate for his question and commend him on his work in this area. The Home Office has commissioned an independent evaluation that is being carried out by the University of Birmingham, which will be published this summer. I can give some early insight from that research, which talks about the,

“ability to count on emotional and practical support from a network of local people”,

providing,

“refugees with an excellent source of social capital that is critical to their integration”.

It is obviously crucial that we work in the most intelligent way with those refugees who have been selected for their vulnerability. If the House will indulge me, it would be poignant to listen to a quote from the young Syrian refugee Amineh Abou Kerech—forgive my pronunciation—who won the Betjeman prize for her poem “Lament for Syria”. In it she says:

“Can anyone teach me  
how to make a homeland?”

Let us hope that all these schemes can do just that.

**Baroness Janke (LD):** My Lords, due to their poor English skills, many refugees find great barriers to finding jobs, getting housing and opening bank accounts, yet over the past 10 years, services providing English-language teaching to speakers of other languages have been cut by 55%. What plans do the Government have properly to resource English language teaching and make it available to all those who need it?

**Baroness Barran:** I thank the noble Baroness for her question. The Government recently published the *Integrated Communities Action Plan*, which specifically cites working with government and civil society organisations in areas such as English as a second language, employment, mental health and other elements critical for integration.

## Radio: Local Commercial Stations

### Question

11.22 am

Asked by **Lord Storey**

To ask Her Majesty's Government what assessment they have made of the importance of having locally produced content and services on local commercial radio stations.

**The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Ashton of Hyde) (Con):** My Lords, the Government support a strong and vibrant radio sector encompassing the BBC, commercial and community radio, providing the widest possible choice for listeners. We acknowledge and value the role that local commercial stations play in the provision of national and local news and other local content. Local programming and content requirements for holders of local analogue commercial radio licences are set by Ofcom, the independent regulator, under the existing legislative framework.

**Lord Storey (LD):** I am not as sanguine as the Minister. He will know that large media players have been buying up local commercial radio stations and stripping out hundreds of hours of local programming for that programming to be made in London. We have seen the largest compulsory redundancies in commercial radio as DJs, engineers and producers lose their jobs. How will we maintain this local presence, not just in news, travel and weather, but in proper programme making? Perhaps he can talk to Ofcom about being more proactive or maybe look at how community radio can be developed.

**Lord Ashton of Hyde:** Of course, the noble Lord is right. Not only community radio but commercial radio has seen a massive increase since 2010, when the current regime was bought in. But according to Ofcom's guidelines, the large commercial radio groups still need to have studios that originate programming within approved local areas. The approved local areas were brought in under the last Labour Government. They will not be able to originate content solely in London. We support local radio in a number of ways and are looking forward, for example, to introducing multiplexes soon for local DAB radio.

**Lord Griffiths of Burry Port (Lab):** My Lords, I spent part of the recent break reading—or rereading—*Seven Types of Ambiguity*. It occurred to me that chapter 5 of that momentous work dealt with statements in the briefing I received from the radio industry putting forward its case:

“Through technology, stations have the ability to customise the news information they broadcast, irrespective of where the presenters are based”,

which means that we no longer have keep to the same number of stations open. These approved areas can be a pretext behind which we hide the diminution of jobs, of locally based services and of immediate contact

[LORD GRIFFITHS OF BURRY PORT]

with local communities, and can produce and customise in faraway places, with no reporters on site, things that sound as if they are near. Do the Government think that that is really what is behind the slackening of regulation affecting this sector of our life?

**Lord Ashton of Hyde:** The basic issue is that commercial analogue radio faces an enormous challenge from digital services, both online and terrestrial. The changes that have been made by Ofcom to localness were in accordance with listeners' views. For example, only 17% of respondents to the survey and the consultation thought that locally based presenters were a factor which helped make their station feel local. Ofcom has a requirement to have content made in approved areas, which are local ITV areas, and local news must be produced either hourly or twice a day. If stations have local news only twice a day, they have to produce more locally made content. The greatest factor in whether people listen to local radio is—shock, horror—that it plays the music the listeners like; 72% of respondents said so.

**Lord Kirkhope of Harrogate (Con):** My Lords, I had the privilege, as a very young man, of contributing to the White Paper that brought about commercial radio in this country, and I later applied, unsuccessfully, as it happened, for a franchise. My concern at that time, quite rightly, was that the White Paper and the Government's legislation made it clear that a local component was very important in establishing these stations, as had previously been the case with ITV and television stations. In both cases, we seem to have lost that, and we now end up with repeat transmitters everywhere and a lot of jobs lost. Does my noble friend agree that the pattern which is still being sustained in BBC local radio stations is enormously important and should be reflected more in future in commercial broadcasting?

**Lord Ashton of Hyde:** The legislation to which my noble friend refers gave the definition of localness to Ofcom, which is the independent regulator. After 10 years, it has updated it to take account of modern listeners' views and the increase in commercial radio in the digital space. However, stations still have to produce local news at regular intervals throughout the day and should broadcast at least three hours of locally made programming each weekday. If they do not provide local news hourly, they have to broadcast at least six hours of locally made programming each weekday.

**Lord Addington (LD):** My Lords, following on from the idea that a local music station is listened to because people like the music, does the Minister agree that you could make sure it is local by having a local guide to live music, for example? You cannot fake that from London. It would ensure that stations had people on the ground. Would that not be a model going forward?

**Lord Ashton of Hyde:** That is exactly why, as I just said, stations have to have locally made content.

## Palace of Westminster: Fire Question

11.28 am

Asked by **Lord Berkeley**

To ask the Senior Deputy Speaker, following the Notre Dame fire, what steps are being taken to ensure that the current plans for detecting and extinguishing fires in the roof space of the Palace of Westminster are adequate.

**The Chairman of the Services Committee (Lord Laming) (CB):** My Lords, I feel sure that the whole House will recognise the importance of this Question and endorse that we are the current custodians of this remarkable building and have a duty to do all we can to pass it safely on to future generations. That said, there are no automatic smoke detection systems—

**Noble Lords:** Oh!

**Lord Laming:** Sorry; I should do this more often, should I not? There are automatic smoke detection systems in most of the roof spaces across the Palace and coverage of the remaining spaces will be completed during December 2019. There is no automatic system for extinguishing fires in the roof space of the Palace, but the roof space is compartmentalised to prevent the spread of fire. The fire safety team regularly patrols the Palace.

**Lord Berkeley (Lab):** I am very grateful to the noble Lord for that comprehensive reply. We all love this place, and when I saw Notre Dame go up in smoke a week or so ago, my first thoughts were that it could happen to us here. I am really pleased we were told that there are smoke detectors in most areas of the roof space. I think the noble Lord said that that work will be completed by the end of this year. My question is: when smoke is detected, how do you put the fire out? We have seen from initial reports of the Notre Dame fire that, within less than half an hour of smoke being found, there was an inferno in the roof. It seemed to me that the only way it could be put out was with cannons of water landing on the roof, but of course that does not work—the roof is designed to keep the water out until it falls down and causes a fire below. Therefore, can we look at a way of installing more extinguishing medium in the roof space to deal with such fires, if and when they occur, which obviously we hope they will not?

**Lord Laming:** My Lords, this is a very important question. We are of course anxious to learn lessons from Notre Dame, as we are from other heritage buildings. We should be clear that all heritage buildings carry the potential for very serious fires. First, in this building there is an assumption that if a smoke detector is activated, it has to be inspected immediately—there is no assumption that it is a false alarm. Secondly, the procedure is to tackle fire from within the building rather than to wait until it goes up. The noble Lord is quite right: when it goes up, very serious issues are

raised, not only of getting water up to the roof—although there are systems to do that—but because it means that the fire has taken serious control.

**Lord Cormack (Con):** My Lords, does the Lord Chairman accept that the earlier we can bring forward the decanting, the better it will be for the safety of the building? Will he therefore ensure that we look very carefully at Sir Michael Hopkins's realistic proposal for putting the Chamber of the other place in Portcullis House, which Sir Michael himself was the architect of? If, in addition, we had a temporary structure on the embankment gardens, the two Chambers could be moved far more quickly than under the current proposals.

**Lord Laming:** Noble Lords will know about the arrangements for taking forward the R&R programme. All I can add at this stage is that the fire at Notre Dame ought to be a spur to all of us to get on and implement the R&R programme. It includes well-developed systems, and I feel sure that we will hear more about it in due course.

**Baroness Brinton (LD):** My Lords, I am really pleased to hear the noble Lord the Chairman of the Services Committee say that the fire service inside the Palace does not accept the concept of a false alarm. That is very reassuring, but it is not what happened at Notre Dame. Will the House join me in thanking the excellent team of fire safety officers who patrol the Palace 24 hours a day? One problem at Notre Dame was the lack of sprinklers. In recent renovations at St Patrick's Cathedral in New York, sprinklers have been installed and old beams have been painted with fire retardant. What plans are currently under way for us to do that here at the Palace of Westminster to provide extra security?

**Lord Laming:** My Lords, a huge amount of work has been undertaken during the past three years. I am not rehearsed on all of it but it includes more than 700 fire doors, improving compartmentalisation within the building and improving ways of getting people out of the building should there be a threat of fire. However, there is more to be done. We have managed to get water sprinklers in the basement, which is probably the most vulnerable area of the building, and we will continue with the programme in many ways. I will not go through all of them but a substantial work programme is already in place.

**The Earl of Kinnoull (CB):** My Lords, has the noble Lord the Chairman of the Services Committee read as I have the press reports that suggested hot works were the root cause of the fire at Notre Dame? Can he assure the House that the hot works procedures followed in this House are of the very safest type and, in particular, that workmen remain on-site for at least two hours after hot works have ceased?

**Lord Laming:** My Lords, I am extremely grateful for that question because, as colleagues will know, a large number of contractors are on the site all the time. The fire officer has a procedure with all contractors

that they must ensure compliance with the most rigorous standards, including the kind of detail to which the noble Earl has referred. But we should never be complacent. We must go on learning the lessons, especially in this special building.

**Lord Reid of Cardowan (Lab):** My Lords, I am grateful for the very informative Answer that the noble Lord gave. I am sure we are all glad to know that there are smoke alarms in the roof space. But I have to say I am surprised—indeed shocked—that in an area so vulnerable to conflagration there is no sprinkler system. Can he explain why there is no sprinkler system? I am rather sceptical about the argument that compartmentalisation is the answer to vulnerability—that was the case on the “Titanic”.

**Lord Laming:** My Lords, this is a very serious matter. The roof space in Westminster Hall is very precious, as we know. I am pleased to report that we have now managed to get an alarm system in place in that part of the building. The R&R programme will have to address a whole range of issues, and this will be a key one. But we need to be clear that it will not be a simple matter to put a sprinkler system in that part of the building.

### **Kew Gardens (Leases) (No. 3) Bill [HL]** *First Reading*

11.37 am

*A Bill to provide that the Secretary of State's powers in relation to the management of the Royal Botanic Gardens, Kew, include the power to grant a lease in respect of land for a period of up to 150 years.*

*The Bill was introduced by Lord Gardiner of Kimble, read a first time and ordered to be printed.*

### **Huawei** *Statement*

11.37 am

**The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Ashton of Hyde) (Con):** My Lords, with the leave of the House, I will repeat the Answer to an Urgent Question made by my right honourable friend the Secretary of State for DCMS in another place earlier today:

“Thank you, Mr Speaker. The security and resilience of the UK's telecoms networks are of paramount importance. The UK has one of the world's largest and most dynamic economies, and we welcome open trade and inward investment in our digital sectors. At the same time, the UK's economy can prosper only when we and our international partners are assured that our critical national infrastructure remains safe and secure.

As part of our plans to provide world-class digital connectivity, including 5G, DCMS has been carrying out a cross-Whitehall evidence-based review of the

[LORD ASHTON OF HYDE]  
supply chain to ensure a diverse and secure supply base. The review aims to ensure stronger cybersecurity across the entire telecommunications sector, greater resilience in telecommunications networks and diversity across the entire 5G supply chain. It has considered the full UK market position, including economic prosperity and the quality, resilience and security of equipment.

Despite the inevitable focus on Huawei, this review is not about one company, or even one country. We have to strike a difficult balance between security and prosperity, and recognise the reality of globalised networks and supply chains although our security interests are pre-eminent, and that has been the focus of the review. The way to ensure that the UK fully realises the potential of 5G is through its safe and secure deployment.

As you would expect given the importance of this subject, it is a thorough review into a complex area, which has made use of the best available expert advice and evidence, including the National Cyber Security Centre. It will report with its conclusions once ministerial decisions have been taken. This review is an important step in strengthening the UK's security framework for telecoms and ensuring the secure rollout of 5G and full-fibre networks.

I am sure the House will understand that National Security Council discussions should be confidential and will understand why this must be the case. However, I know that honourable Members on all sides of the House feel strongly about this issue. I will make a statement to this House to communicate final decisions at the appropriate time”.

11.40 am

**Lord West of Spithead (Lab):** My Lords, does the Minister not agree that—

**Noble Lords:** Front Bench!

**Lord Griffiths of Burry Port (Lab):** My Lords, I am quite sure that the noble Lord would have asked a very pertinent and searching question, and no doubt he will do it eventually. The fact that much of what is happening is hidden behind this question of a leak limits the Minister's ability to answer some of the questions, but no doubt the time will come for that. Today, £5 billion is quoted as the likely amount that Facebook will have to pay as a fine for the misappropriation of data and technological information in the last period. The Statement says that the review, “is not about one company, or even one country”.

Are we not already in a complicated relationship with firms of this kind from America? Can we have a global set of assurances that all these sources of information will be adequately managed for the well-being of us all?

**Lord Ashton of Hyde:** The noble Lord is exactly right. As I said, this is not just about one country. The National Security Council looks at all these issues. The problem with a global network such as the internet

is that threats can come from any country, and they may originate in one but attack through another. It is complicated. In this country, we have one of the best organisations to deal with this: the National Cyber Security Centre in GCHQ. The main thing to stress is that our security is pre-eminent, but we have to strike a balance with new and emerging economies and how we deal with them—and not just with regard to cybersecurity.

**Lord Paddick (LD):** My Lords, the security of the UK is greatly enhanced by its membership of the Five Eyes group of countries, almost all of which are very concerned that Chinese tech companies are required by law to co-operate with Chinese security agencies. Five Eyes countries will continue to share sensitive intelligence with the UK only if they have trust and confidence in our security services. What assessment have the Government made of the damage caused by the alleged leak from the National Security Council—both the fact that there has been a leak and the content of the alleged leak?

**Lord Ashton of Hyde:** To pick up on the noble Lord's first point, I do not place a huge amount of importance on the Chinese law that he referred to, which requires companies to co-operate with the Government. If anyone thought beforehand that that law did not exist, they were unwise. On his point about security and the leak, I can only re-emphasise that when security matters are discussed at government level, they should be kept confidential. There is an assessment of that going on at No. 10 at the moment, but I have no details of it because it has not been completed.

**Lord Tebbit (Con):** My Lords, is my noble friend aware that he is sounding much more hesitant and uncertain of himself than is normal? Is that because he is in fact one of those who are concerned that a company under the control of the Chinese Government will have a very large degree of control over our most sensitive communications? It really is no good that some Ministers are alleged to have said, according to the newspapers, that this will be about only the antennae. It occurs to me that all the important information goes through the antennae, does it not?

**Lord Ashton of Hyde:** I assure the House that I do not feel certain about many things. But seriously, my noble friend has a point. However, one should not be led into a false sense of reassurance by saying we should ban one particular company. There are really only about three main suppliers of this 5G equipment: Nokia, Ericsson and Huawei. Both Nokia and Ericsson either have their components assembled in or buy components from China. We must be very careful about trying to give a false sense of reassurance by banning just one company or another.

**Lord West of Spithead:** My Lords, I apologise for leaping in earlier; it is not like Radio 4. It is an absolute disgrace that things discussed at the National

Security Council are leaked. I hope the Minister can tell us exactly what is to be done about this and how it will be looked into. It is really disgraceful.

On the work that is going on, does the Minister not agree that it is really important to complete that full survey? This is such a complex subject. Many of the firms referred to have exactly the same sort of problems as Huawei does. We have used Huawei since 2009. We know there are risks. We must never forget that China is a very real risk—let us face it: it has, on an industrial scale, stolen IP from us—but that does not mean that we cannot use its equipment in certain ways, as long as our experts are able to modify that risk.

**Lord Ashton of Hyde:** My Lords, I completely agree with the noble Lord that any leak from the National Security Council is a disgrace. Obviously it should not happen. On what is happening about that, I am not able to comment—and he would not expect me to—on any particular inquiry or investigation, but I can say that the Prime Minister takes leaks from the Government very seriously, particularly when they are to do with security. I will leave it at that.

As far as Huawei in particular is concerned, I absolutely agree with the noble Lord. We must mitigate the risks where we can. We have an extensive oversight programme for Huawei—more extensive than for any other company. We have to face up to the fact that the risks come from not just the hardware but the software, and 5G in particular will mean that upgrades to software will be going through the networks the whole time. That is one of the areas we have to concentrate on and it does not come from a particular supplier of hardware.

**Lord Campbell of Pittenweem (LD):** My Lords, I commend to the Minister the report of the Intelligence and Security Committee published in 2013, which sets out considerable reservations about the role of Huawei in the United Kingdom. I also support the point made by my noble friend Lord Paddick: it would be hardly in the national interest were we and the other members of the Five Eyes to be at odds on Huawei's role. Finally, suppose the roles were reversed: can the Minister envisage circumstances in which the Chinese Government would give a similar contract to BT?

**Lord Ashton of Hyde:** I cannot answer for the Chinese Government, but I am sure there are many examples where they have given contracts to UK industry. We must remember that potential IT and cybersecurity problems can come from not just IT manufacturers but industry as well. This is a problem for all Governments. I take the noble Lord's point about the report he referred to. The review we are doing will take into account all those factors, but a lot has happened in the six years since it was published.

It is a much more nuanced picture across the Five Eyes. I think that Australia has the only de facto ban. The US has restricted Huawei from its federal agencies; it is not barred from US public networks. In this country as well, Huawei is already excluded from defence and security networks.

**Lord Tugendhat (Con):** My Lords, first, I associate myself with what my noble friend said about these absolutely scandalous leaks. Secondly, these reports, coming at a time when we are separating ourselves from our friends and allies in the European Union, seem to suggest that we are now separating ourselves from our friends and allies in the Five Eyes. It is impossible for those of us who have not been privy to the discussions to form a view, but a pattern is beginning to emerge. Another difficulty in interpreting what the Government are doing is that here we have them apparently going to invite the Chinese into this very sensitive sector, when they are already a nuclear power, but the Secretary of State for Defence is notable for his bellicose comments when he talks about sending our aircraft carrier to the South China Sea.

**Lord Ashton of Hyde:** To pick up on one of my noble friend's points, there is absolutely no question of inviting Huawei into this area; it is here already, and has been for 15 years. The issue is to look at how we mitigate the risks from Huawei—because there are risks, and we acknowledge that. I do not accept his slightly pessimistic view of how we are separating ourselves from the Five Eyes and other security partners in the way that he suggested. As I tried to explain, the Five Eyes approach to Huawei is much more nuanced. We are in exactly the same position as Canada, which is carrying out a review. The US has recently revoked its ban on ZTE and allows Huawei in public networks. New Zealand has suggested that one telecoms manufacturer should not be allowed but is also reviewing its position, so in many cases in the Five Eyes we are in exactly the same position as others. We understand that there is a risk; we have to do our best to mitigate it.

## UK Advertising in a Digital Age (Communications Committee Report)

### *Motion to Take Note*

11.52 am

*Moved by Lord Gilbert of Panteg*

That this House takes note of the Report from the Communications Committee *UK advertising in a digital age* (1st Report, HL Paper 116).

**Lord Gilbert of Panteg (Con):** My Lords, I am pleased to introduce this debate on the Communications Committee's report on the advertising industry. The report, which was published nearly a year ago, was the first published by the committee under my chairmanship. I would like to thank the staff for their assistance in preparing the report: Theo Pembroke, our clerk, Niall Stewart, who was then our policy analyst, and Rita Cohen, the committee assistant. I also thank Professor Agnes Nairn of the University of Bristol, who was the specialist adviser for our inquiry. I declare an interest as a freelance consultant to Finsbury, a PR company owned by WPP. However, I have no involvement with WPP. I have also received hospitality from ITV at events which it hosted but which were unconnected to the inquiry.

[LORD GILBERT OF PANTEG]

Advertising is an essential driver of growth in the economy. It helps businesses to win customers and to compete with one another. It is fundamental to the media and the creative industries in providing employment and nurturing the talents of creatives, including musicians, filmmakers, graphic designers and writers. Meanwhile, it provides the primary source of funding to most of the media, including radio, the press and television and now a vast quantity of content and services available online.

The UK is very good at advertising. London has become a global centre for it. According to the Advertising Association, the industry's trade body, the UK now exports £6.9 billion a year in advertising services around the world, representing faster growth than the average for service exports. A large proportion of agencies hire individuals from overseas, giving them better understanding of overseas markets. This gives the industry a highly international character which, in a virtuous circle, makes it a more attractive destination for the most talented individuals from around the world. The success of the industry needs to be recognised and celebrated. Advertising, along with other creative industries, is likely to remain resistant to automation and so become ever more important in the economy of the future.

Given this background, the committee chose the advertising industry as a case study on the impact of education, skills and immigration policies on a key industry in the creative sector. We set out to discover how the advertising sector could be better supported and how individuals from all backgrounds can participate in this exciting and fulfilling work. The industry needs individuals with a blend of arts, digital and other STEM skills. Unfortunately, the education system in England encourages children to specialise at an early age. The drive for schools to do well in performance measures, such as the EBacc and Progress 8, which prioritise core subjects, can deprive children of the broad education that they need to thrive in advertising and the wider creative sector. In our report, we call on the Government to review the skills needed for the future economy. I would be grateful if the Minister could provide an update on this.

The advertising industry needs a diverse workforce that reflects the demographics of the UK. By that, we do not just mean people of different ethnicity and gender but, importantly, also people from different social backgrounds and those with disabilities. This is essential for the reputation and trust of the industry, which are necessary for advertisers to communicate effectively with their audiences. There is a risk that the advertising industry has become the preserve of the middle class. It has already taken steps to improve access and diversity in all its forms, but we recommended that it should now show further leadership in this regard. We argued that it should discontinue informal working and recruitment practices, such as unpaid internships, which present a barrier to those from lower socioeconomic backgrounds.

Better careers advice is needed so that young people from all backgrounds are aware of the opportunities offered by the industry. We recommended that the Government should provide more resources to encourage

quality careers advice and should support schools, which facilitate interactions between children and advertising employers. The industry should also do more by providing role models and tools to help schools, and by creating stronger initiatives to promote advertising as a career.

Although university is still the main source of workers in the industry, apprenticeships can present an alternative route in. They have the potential to increase the talent pool and diversity of the industry, but many businesses expressed frustration about the Government's apprenticeship scheme. We heard that the scheme was failing to provide training of an appropriate quality that works for businesses, and that there were delays in approving apprenticeship standards. The Government must ensure that apprenticeships are of a high standard and satisfy the needs of industry.

The advertising industry's global success relies on its ability to attract and retain international workers, who understand international clients and their audiences. If the tiered visa system is applied to EU workers after we leave the EU, the immigration system will become unmanageable and damage the advertising industry. We recommended that the Government should negotiate reciprocal arrangements with other countries, under which international workers with a job offer in the advertising industry would have the right to work in the UK.

As the inquiry proceeded, it became clear that trust in the industry was severely undermined by digital advertising. Our findings, which I will discuss, led to our subsequent inquiry on regulation in the digital age and our recent report, *Regulating in a Digital World*. We found that there was an urgent need to update regulation generally for the digital world. The lack of a level playing field has aggravated the decline of high-quality journalism and the regional press, which was the subject of *The Cairncross Review*. I also welcome the Government's *Online Harms White Paper*, which is an important first step in dealing with some of the problems in the digital world and which we will have ample opportunity to debate in this House.

Following year-on-year growth, digital now accounts for more than half of all advertising expenditure in the UK. While this has spurred growth and innovation in the industry, it has also generated complicated business models to make money from the provision of online content and services that are not open to external scrutiny. The market for serving ads on to computer screens as we open a web page is opaque. Users of internet services have their data extracted so that they can be targeted. Recent research commissioned by the Information Commissioner's Office and Ofcom shows that people have only a limited understanding of how ads are personalised and that people tend to view the personalisation process as unacceptable when they are given more information about it.

At the same time, users find themselves bombarded with "clickbait". There is a risk that digital advertising will undermine the trust this industry relies on to be effective. The evidence of Phil Smith, the director-general of the Incorporated Society of British Advertisers, to the committee on Tuesday supported this finding. He told us that public opinion of advertising has been

steadily declining because of “bombardment”, which has four aspects: volume, repetition, irrelevance and obtrusiveness.

At the other end of the value chain, the lack of transparency in the digital ad market means that advertisers who pay for advertising cannot see where their ads are being delivered or whether they get value for money. Fraud is rife. While it is difficult to judge exactly how much fraud there is, according to one estimate more than \$16 billion was stolen globally in 2017.

“Ad misplacement” was another problem that we identified. This is where advertising is displayed next to inappropriate or illegal content, damaging the reputation of the advertiser and helping to fund illegal content. We recommended that the industry take greater steps to regulate itself through independent bodies such as the Joint Industry Committee for Web Standards, known as JICWEBS. We encouraged Google and Facebook, the largest companies, to sign up. I am pleased that it appears that the industry has taken some steps to improve. The Internet Advertising Bureau says that the number of organisations participating in JICWEBS has doubled in the past year and that accredited companies must have a responsible officer to ensure compliance. I understand that Google is now fully certified with JICWEBS and that Facebook is registered and undergoing its audit process to become fully certified. However, there are indications that the scale of fraud remains overwhelming. What steps are the Government taking to address this?

Although the digital ad market comprises thousands of companies acting in different ways, it is dominated by just two companies, Google and Facebook, which together account for more than half of all digital ad expenditure. While these companies maintain that the market is competitive and that they do not abuse their position, the opacity of the market makes it hard to see what is really going on.

We recommended that the Competition and Markets Authority undertake a market study to ensure that this market is working fairly for consumers and businesses. These studies do not limit themselves to narrow competition law issues; they provide a broad health check of a market. Since we reported nearly a year ago, Dame Frances Cairncross endorsed our recommendation in her review and the Secretary of State for Digital, Culture, Media and Sport wrote to the CMA. I would be grateful if my noble friend the Minister could provide an update on this.

Dr Andrea Coscelli, the chief executive of the CMA, told us last October that he would be minded to undertake a study provided that there were resources and that this would depend on the outcome of Brexit. The digital ad market is vital to the digital economy, so this must be treated as a priority. I would be grateful if my noble friend the Minister could explain what resources the Government are providing to support the CMA in undertaking a study. I beg to move.

12.05 pm

**Lord Currie of Marylebone (CB):** My Lords, I congratulate the noble Lord, Lord Gilbert of Panteg, and his committee on their wide-ranging report and

on this debate. I declare an interest as chairman of the Advertising Standards Authority and, until last June, of the Competition and Markets Authority. I will touch on several aspects of the report that relate to those two bodies, as well as picking up one or two points from last month’s follow-on report, *Regulating in a Digital World*.

I am pleased that the report says:

“The UK enjoys high standards of regulation of advertising content through the self-regulation of the Advertising Standards Authority”.

I have had great respect for the work of the ASA, long before I had the privilege of becoming its chairman. That is why an early decision of Ofcom, under my chairmanship, was to delegate the regulation of broadcast advertising content to the ASA to create a one-stop shop for consumers and advertisers, with effect from 2005. This was a great simplification because, before Ofcom, broadcast advertising was regulated by three separate media regulators, sometimes contradicting each other. In 2011, the ASA’s remit was further extended to cover all online advertising, including ads on social media, companies’ own websites, apps and advergames.

The range of our work continues to develop as advertising morphs online. For example, we are at the forefront worldwide of regulating the newer forms, such as influencer, native and affiliate advertising, as well as how ads are targeted online and on social media platforms such as Facebook, YouTube, Instagram, Snapchat and Twitter. We place the burden on advertisers of age-restricted products to prove that they have done all they can to use sophisticated ad-targeting tools, which are becoming ever more refined, to direct their ads away from children. This includes using interests and browsing behaviour to identify the true, not the declared, age—a particular and special concern.

We are also looking to deploy new regulatory tools. For example, earlier this month we announced the results of deploying new monitoring technology in the form of child online avatars that simulate children’s browsing activity. As a direct result, we have taken action to ban ads from five gambling operators which were displayed on children’s websites, in clear breach of the advertising codes. These techniques mean that we are not wholly reliant on complaints from parents or children to hunt out and close down detrimental advertising—important though such complaints are to us. We work hard to ensure that our regulation works to provide equal protection online and offline—the first principle that the committee enunciated in its latest excellent report.

However, we are not complacent. While advertising content online is not the Wild West, our regulation of it needs to develop. The committee’s report identifies the many ways in which the rapidly rising volume of advertising is constantly changing, and that is reflected in our work. Regulation of companies’ own websites now accounts for more than half our case load, and that will only increase. It is for that reason that our new five-year strategy, launched last November in Manchester, is called *More Impact Online*. I will mention just two of its strands. One is to find better ways of working with the big online platforms to protect people

[LORD CURRIE OF MARYLEBONE]

from irresponsible ads, which is clearly a two-way process. We also need to find ways of deploying machine learning to improve our regulation and act more nimbly, as well as simplifying our regulation where possible without impacting its effectiveness.

The committee's report specifically recommended that the ASA should ensure that it is clear online what is or is not advertising by creating a universal mandatory logo to signify content sponsored by a brand and next to any paid-for text or video. We absolutely share the objective, but have not been able to implement the specific recommendation for technical legal reasons. The unfair commercial practices directive, which underpins the consumer protection regulations, is a maximum harmonisation directive. This means that we can mandate a single logo only if we are fully satisfied that no other method of labelling or disclosure would meet the objective—which we cannot be—but we do strictly enforce the requirement that sponsored content must be clearly identifiable as such, and we are conducting research to ensure that we have the right standards in this area.

The committee also calls for the CMA to conduct a market study of the digital advertising market to investigate whether it is working fairly for businesses and consumers, and others have since echoed this call. So far the CMA has held back from this, very understandably in my view, given the potential major impact of a disorderly Brexit on its workload. If in due course the CMA does decide to launch a market study, the ASA will fully support this by making available its expertise and research. An additional impetus for this may come from the innovative development of competition analysis by the German competition authority, the Bundeskartellamt, putting data as well as price at the centre of the competition calculus. The *Economist* earlier this month carried a clear and accessible account of this. If this new mode of competition analysis carries sway—I have no doubt, from precedent, that it will be subject to a long-fought challenge through the courts—it could introduce a wholly new regulatory dynamic into online markets, including advertising.

There are growing calls for a new online regulator to tackle the many online harms that concern us all. The committee is the latest, with the sensible call in its new report for a digital authority. The Government's internet safety strategy may well point a way forward. I will end with a plea and a pledge. My plea is: in putting in place further online regulation, let us avoid cutting across and weakening the regulation of advertising content, joined up across online and offline, which is the ASA system. Better, let us see if we can strengthen that regulatory system further. My pledge is: with any reformed regulatory landscape that may be put in place, the ASA will work co-operatively and effectively within it to ensure the best protections and outcomes for consumers, especially the vulnerable and young.

12.12 pm

**Lord McNally (LD):** My Lords, it is a great pleasure to follow the noble Lord, Lord Currie, who, as he explained, has immense experience in this area, particularly

over the last 20 years. The House listened with great care to what he had to say. I also congratulate the noble Lord, Lord Gilbert, and his committee on producing this timely and useful report.

Seventeen years ago I served on the Puttnam committee, the pre-legislative scrutiny committee looking at what became the Communications Act 2003, which led to the noble Lord, Lord Currie, becoming chair of Ofcom. That committee took a hands-off approach to the internet, the world wide web, partly because the spirit of the age was that it was going to be a massive stimulus to enterprise and innovation—and I think that that optimism has been justified. Of course, throughout history new technologies have been disruptive and old technologies have often tried to protect themselves with overrestrictive regulation. This is certainly true of advertising in the digital age. As the report reminds us, the internet is already attracting more advertising spend than all other media collectively, and this has had a dramatic impact on the business models of advertising-funded sectors, such as print media, commercial radio and commercial television.

However, before rushing into regulation, I think we have to be careful about who, how and what. In some ways it is good to look at the 1955 introduction of commercial television. That was extremely disruptive but was a benefit to television. The Government of the day had the confidence to say to those who were going to bring in commercial television that they must also sign up to strict public service responsibilities. Those public responsibilities gave us an excellent news service in ITN, which certainly raised the BBC's game, and a network of regional television, which, even under its new structure, ITV still provides, giving a strong boost to the creative industries outside London. It depends on how confident the Government are in addressing these new technology powers. There is the view that they are so big and global that they are beyond the reach of the rule of law or any single Administration. I do not agree with that. A Government and Parliament with confidence can make sure that the FANGs come to the table.

We are also seeing advertising shying away from some of the initial impact of digital advertising. Reputational damage is causing both the suppliers and the advertisers to question its effectiveness. John Wanamaker, an American retailer in the late 19th and early 20th century—I had to go to Google to find out that it was he who actually said this—said:

“Half the money I spend on advertising is wasted; the trouble is, I don't know which half”.

In advertising, there has always got to be caveat emptor—buyer beware—if you are going to spend large amounts. There are already signs in the industry that the big advertising spenders are taking such a view on these matters.

Both the Government and the committee have advocated self-regulation. The noble Lord, Lord Currie, gave us a perfect example of what a good self-regulator looks like. I worry that there is a slight difference in emphasis between the committee report, which seems to believe that the Joint Industry Committee for Web Standards, JICWEBS, is the answer, and the government response, which emphasises the excellent work that the

Advertising Standards Authority has done. Perhaps I could tease out from the Minister where the Government want self-regulation to go. Will we have two regulators? That is not a recipe for good regulation, in my opinion.

JICWEBS has sent me a good brief, telling me how it is expanding, what codes it is putting in practice, et cetera. But why go for a new regulator when we have an excellent regulator in place to take on this responsibility? Beyond the law, one encouraging thing is that we successfully carried through the general data protection legislation, both within the EU and now in our own law. I was told the other day that other jurisdictions are looking at the GDPR—so the idea that it is not possible to create laws and limitations for this industry is false. We are very fortunate in having the right person in Elizabeth Denham, and the right organisation in the Information Commissioner's Office, to pilot us through the next stage of bringing order and accountability into the digital world.

I am worried by all the mentions of the Competition and Markets Authority. The evidence that was given to the committee showed a perhaps justified reluctance in terms of resources for the CMA to take on a study of this industry. But this is not good enough and, again, I would be interested to hear where the Minister thinks we are at. However, it raises an even more fundamental problem. Professor Jason Furman chaired an expert panel for the Treasury on the need to update rules governing merger and antitrust enforcement in this new digital age. The call by the Furman panel for a code of conduct for the bigger digital platforms and a need to foster greater competition by opening up data to new players in the field is surely the right direction of travel. But it is worrying to hear that the CMA is still hesitant about its own capacity to carry out that kind of work.

The noble Lord who chaired the committee emphasised its work on education, and the Government are keen to promote their STEM initiative. From these Benches we would say merely that perhaps there is also a need, particularly in this sector, to recognise the important contribution of the arts here—perhaps a STEAM rather than a STEM initiative is the way forward. I was at a meeting last night where the speaker said that artificial intelligence would provide twice as many jobs as it would destroy. But the problem with that is that the jobs it destroys are done by people who are ill-equipped to do the jobs that it creates. The mismatch that this technological revolution is producing will be our biggest challenge as an economy: how to give people the skills and the ability to adapt to rapid change.

I have one final thought. As my bedtime reading I am reading a book called *Titans*, on the rivalry between Fox and Pitt in the 18th century. As I read it, it struck me just how much our procedures in both Houses of this place are in fact an 18th-century creation. I worry about whether government and Parliament have the flexibility to deal with the rapid changes in technology that are only just beginning. In one way, this House is providing help, with reports like this putting these difficult problems on the agenda—but I do not envy the next generation of Ministers and parliamentarians who will have to deal with them.

12.22 pm

**Lord Vaux of Harrowden (CB):** My Lords, I add my congratulations to the noble Lord, Lord Gilbert, and the committee for this very clear and timely report, which raises a number of very important issues. I will touch on three of them.

First, the report describes how the traditional relationship between content providers and advertisers has been broken by digital advertising. Traditionally, advertising was targeted based on the media or content being viewed by the reader. Both provider and advertiser knew each other's identity and had a direct contractual relationship with each other. Digital advertising, however, is principally targeted based on the data that has been obtained about the end reader, which may be completely unrelated to the media being viewed. That means it should be possible to present adverts that are more relevant to the specific consumer; although, as I think we have all experienced, that is not always the case. It also means that the advertiser may have no knowledge at all of the context their advert may be seen in, and the content provider often has no knowledge and little control over what is being advertised to the reader of their content.

The report sets out the risk of advertising misplacement that arises from this, where an advert may be viewed in an undesirable context—the report gives the example of a Sky advert being placed beside white supremacist content. While this is undoubtedly a problem, I see this as more of an issue for the advertiser. I am more concerned about a different effect—the other side of the coin, if you like—which the report touches on briefly: how this new approach to advertising can affect the news media itself. Because the advert is effectively separated from the content, it has become a simple numbers game: the more hits on your content, the more advertising revenue can be generated. It does not matter what that advertising is, it is following the user, not the content. Accordingly, content providers are incentivised only to maximise hits, regardless of the quality of the content.

This happens in two principal ways. The first is clickbait with multiple click points, which the noble Lord, Lord Gilbert, mentioned. We have all seen the classic top 20-type lists, where each item in the list needs a new click and therefore creates a new advertising opportunity. Secondly, and more importantly, we see the impact in increased sensationalism and ultimately, potentially, in fake news. It is a simple fact that a sensational story generates more traffic, and I fear that digital advertising can, and therefore probably does, encourage sensationalism and perhaps even fake news. This effect is further magnified by the way that media is now consumed online: mostly on an individual story basis rather than as a whole publication, in whatever medium that may be. I fear there is a real risk that the quality of our media is being negatively affected simply by the way that digital advertising works.

The second issue I want to address is the rise of what I call stealth advertising: advertising that is not clear that it is in fact advertising. The rise of the so-called social influencer blurs the lines between advertising in the traditional sense and the provision

[LORD VAUX OF HARROWDEN]  
of content. It is often not at all clear when an influencer is being paid or sponsored to sell a product and where the line is or should be drawn.

A good example of this, which I have previously raised in a different context, is the targeting of vaping at children. The internet and social media are awash with videos of attractive, fashionable young people doing tricks with vapes or reviewing flavours and gadgets. The latest major entrant in this market, Juul, has been able to run an incredibly successful campaign of social media influencing, which appears to me to be very clearly targeted at children and young people. Another version of stealth advertising that is becoming an increasing problem, but which is not mentioned in the report, is the issue of fake reviews, where businesses pay people to post fake glowing reviews of their business, products or services on review sites. While not advertising per se, it amounts to the same thing.

It is extremely difficult to regulate stealth advertising, especially given the international nature of the internet. I agree with the committee's recommendation that the ASA should create a mandatory logo to signify sponsored content—although I heard the point made by my noble friend Lord Currie in that regard. I think that the ASA needs to look at this area much more closely, as the rules seem to be consistently flouted.

My final point relates specifically to Google. The report is admirably clear in its description of the power and concentrated market position of Google in digital advertising, and I add my wholehearted agreement to the recommendation that the CMA should investigate this market. But the issue with Google is not just one of market dominance. To me, there is also a very clear conflict of interest between its role as the dominant search engine and its multiple roles across the whole of the digital advertising spectrum. Small businesses can be made or broken by where they appear in the Google search rankings. Yet the rankings are subject to opaque and often changing algorithms, and it can be hard for a small business to manage this or expensive to pay to be in the top "Ad"-branded sponsored searches. Whether or not it actually happens, it seems to me that there is a clear incentive for Google to prioritise in its search results content that provides the greatest opportunity for revenue—where a click-through from a search creates an advert opportunity from which Google can earn revenue. I urge the CMA, should it follow the recommendation of this excellent report, to include that aspect in its study.

12.29 pm

**The Lord Bishop of Durham:** My Lords, I also thank the noble Lord, Lord Gilbert of Panteg, and the committee for the report, which made for fascinating reading. My friend the right reverend Prelate the Bishop of Chelmsford sends his apologies for not being in his place today; he is elsewhere in the world with the most reverend Primate the Archbishop of Canterbury, and so asked me to address one or two matters. I take complete responsibility for what I say, although he said that I must talk about self-regulation.

We all love digital; at least, most of us do. We love its possibilities. I do not go anywhere without my phone, frankly: I keep looking at it and I get bombarded

with adverts through it. It was not planned but, yesterday evening, as it happens, I watched a lecture from a two-day conference for theologians being held in Durham this week, entitled "Missio Dei in a digital age". Maggi Dawn, a British theologian based at Yale University, tracked the history of the impact of digital on Christian mission. She said this about how we handle digital:

"We need to recognise both the glorious possibilities of digital and its profound brokenness".

Her point was that although digital is wonderful, with glorious possibilities we must use to the full, we must not fail to recognise its profound brokenness because it is infected by human beings, who make all kinds of mistakes in their use of things.

In that setting, I want to pick up on three specific issues in the report. The first concerns self-regulation. I was gladdened to see the report identify the need for regulation, but I am concerned about the manner in which this regulation is recommended. As seen in the tremendous influence advertising has on children's health and well-being, self-regulation is not a sufficient means by which to moderate online spheres. With the introduction of the Gambling Act in 2007, gambling advertising has inundated the public sphere and, more recently, social media. Most notable in the digital age is the new manner in which advertising is done: nudges, banners, social media profiles, clickbait and so on, as has already been mentioned.

A rising number of British children—at least 55,000 currently—are already problem gamblers. Some 66% of young people who gamble follow gambling companies on a social media platform. The special inquiry my friend the right reverend Prelate the Bishop of St Albans successfully campaigned for will look at the social and economic impacts of the gambling industry. I hope that will look at these areas of concern, which many noble Lords are also concerned about. What encouragement and support will the Government give that inquiry? Although I commend the Committee of Advertising Practice's new penalties, introduced earlier this month to combat online gambling advertising to children, the reality is that little power has been given to implement such regulation.

Similar concerns may be had about online junk food advertising. Today, over the road in Church House, the Children's Future Food Inquiry report was launched. It highlights some of these concerns. Research published late last year found that every hour kids spend online increases the chance of them buying junk food by a fifth. There is a lack of regulation around social media advertising, from Instagram influencers promoting diuretics to TikTok recently introducing flash ads for food-ordering apps.

Paragraph 86 from the committee's report states:

"Many advertisers and content providers flout the rule that online advertising must clearly be labelled as advertising. There is currently no standard way to label advertising, and so even those who comply with the rule are inconsistent in how they do so".

Self-regulation guidelines are available but the little influence given to official regulators is leaving young children vulnerable. The report's suggestion is to label advertised content with a universal, mandatory logo. I see potential for this premise for general advertising;

however, I expect it would have no impact on advertising aimed at children. We should instead prioritise providing more regulatory guidance to legislators. Clearly, we will have opportunities to debate this through the online harms White Paper—but the damage is happening now, so we must act swiftly.

I pick up on the point from the noble Lord, Lord McNally, about the capacity and capability of the House and Parliament's procedures. I have a son who works entirely in the digital world. He is a sports journalist and does nothing that is not digital. He regularly reminds me: "Dad, you haven't a clue". He is not putting me down but being blunt when he says: "I have been raised in this digital world. I am inside it, day in and day out. You just don't get it and your generation will struggle to".

I move to education—as highlighted by the noble Lord, Lord Gilbert of Panteg, in his introductory speech—and particularly paragraphs 111 to 114. I commend the report on its suggested review of the Government's unnecessary division between arts and STEM education at an early age. Students of science should be encouraged toward creative education in the interest of a broad and rich education. Where possible, arts and sciences should be blended during schooling years to empower students to be flexible, especially given the considerable speed at which society is changing within their developing years. This is important for advertising but also for a wider range of careers. The divide between science and arts no longer serves us well.

Finally, I make some points on immigration and paragraph 217. I hope the Minister will assure us that this section of the report will be fed into our debates on the immigration White Paper, which proposes a £30,000 threshold that some have already raised major questions about. It strikes me that the digital world is another area where we want international talent, and we must create a new immigration policy that works to attract people on the basis of their skills, expertise and ability rather than an arbitrary income threshold.

I commend this report, that which has followed it and all the work done. I trust that my contribution adds to our debate.

12.37 pm

**Lord Gordon of Strathblane (Lab):** My Lords, I joined the committee just after it started this review and just before the noble Lord, Lord Gilbert, became chairman. First of all, I take this opportunity to thank him for his chairmanship of the committee—he did superbly—and for his success in finally securing a debate on a report produced a year ago. Harold Wilson once said a week is a long time in politics. A year is an eternity in the digital world. Look at the changes that have taken place; how much better informed would my questions to Google have been had Shoshana Zuboff's book *The Age of Surveillance Capitalism* been published then? Mind you, the committee would have taken a lot longer to reach its conclusion, because it is a real doorstopper of a book: 600-odd pages. I am wading my way through it slowly.

The noble Lord, Lord Gilbert, alluded to the success of the advertising industry. It is one of our success stories in Britain. We seem to be rather good at it—not

because advertising is a particularly native British characteristic, but because a lot of people from all over the world have decided that London is a nice place to live, work and do business. That is wonderful at the moment, but should remind us that the advertising industry could be highly mobile. If the climate in this country turned very unfavourable to advertising, or difficult to operate through remoteness from trade arrangements—I put it no higher than that—all those skilful, well-paid jobs could disappear.

The noble Lord, Lord Gilbert, also referred to the fact that advertising, as well as being important for a market economy, is an important industry in its own right and provides jobs and so forth. It also has been used in this country to fund our press, television, radio and now the internet. Most people are prepared for a trade-off. They will accept getting their newspaper at a certain price while leaving themselves exposed to adverts. The problem with the internet is that much of what is done appears to be done by stealth. The viewer does not know that his eyeballs are being commercialised and sold on to someone else. That has led to a degree of distrust coming into the main off-line advertising industry, which is why that industry has reacted so adversely to some internet practices. Large companies such as Procter & Gamble have said, "We're not advertising any more on the internet until you put your house in order".

That has also started to spread distrust of the internet. I agree with the right reverend Prelate in his paean of praise for the internet—I think it is wonderful. But he was also quite right to point out its potential tremendous pitfalls as well. It is a question of trying to get the best out of the internet while avoiding the problems.

Matt Hancock, who was one of the Secretaries of State during the period of the inquiry, which rather dates things, pointed out that we need to attract great talent from all over the world and also rear our own talent. To take rearing our own talent first, to be fair, the advertising industry does better on diversity than anyone else in Britain. The percentage of BAME people it employs is higher than that of the UK population. It is less than it should be in London, but over the country as a whole it is pretty good. By and large, if the rest of the country were operating as well as the advertising industry, the country would be a lot better off in that regard.

I recognise the point about class. I think there is a parental problem there with working-class parents. In my part of the world, Clydeside, marketing was almost viewed as snake oil salesman stuff. You built the perfect locomotive and the world beat a path to your door. The fact that you had an empire that rather restricted the freedom of choice of the indigenous populations seems to have been ignored. When suddenly we were exposed to competition, we found that we had lost all those markets to the Americans. But people relied on the quality of the product and felt that that was all that mattered. They wondered whether advertising was really a serious job. That is changing, but I agree with the committee's recommendation that we need to do more with careers advice to point out that advertising can be a very rewarding career.

[LORD GORDON OF STRATHBLANE]

On one minor point, the noble Lord, Lord McNally, pointed out the jobs that would be lost with the switch to robots. I am not saying that advertising is immune, but jobs that require flair are more immune to “robotisation” than others. People working in advertising are less likely to be threatened by the advent of new technology.

On apprenticeships, we all agreed that the Government had done a good job in introducing apprenticeship schemes. Full marks to them for that, but a report of the previous committee, which I was not on, found that the creative sector scheme was ill-equipped for purpose. A lot of people regarded apprenticeships as simply a tax on employment rather than a source of possible good training.

As regards foreign talent and the effect of immigration, the noble Lord, Lord Gilbert, pointed out that we need to be able to attract people readily. Our immigration system is simply not fit for purpose for the advertising industry and we face a severe problem.

Turning to other aspects, we also need to ensure that data transfer will remain aligned with Europe. Advertising cannot continue without adequate data transfer.

My next point, which I shall allude to only briefly and do not expect the Minister to reply to because we do not want to stray on to Brexit more than is absolutely necessary, is to remind the House that advertising is a service industry. We are already concerned about trade in goods, but goods are small beer in this country compared to our trade in service industries and unless we strike a deal on them, we have a problem. There is a worry in the broadcasting and advertising sectors that, while the Prime Minister’s speech at the Mansion House was very encouraging, that was the Monday, and by the Chequers agreement on the Friday, suddenly service industries were being ignored. We need to pay attention to that.

Coming on to the internet, which, as our chairman acknowledged, has begun to dominate our thinking, it is true that 2017 and 2018 were the years when the initial wonder and awe about it wore off a bit and people became first irritated by being bombarded with what they regarded as irrelevant advertising and then slightly concerned and fearful. People thought that *Nineteen Eighty-Four* really might somehow be yet to come. That view might be reinforced if you have read Shoshana Zuboff’s book.

Another factor in this, which we have to acknowledge, is that all briefing on this is dripping with self-interest. The press has turned anti-internet, for the very understandable reason that it has lost all its advertising to the internet. It is beginning to hit back, somewhat belatedly, but it means that any misdemeanour on the internet is magnified in the press, and that did not happen five years ago.

I commend box 2, on page 13 of the report, which is about programmatic advertising. The thing that really shocked us all was, as the noble Lord, Lord Vaux, pointed out, disassociation. Previously you put an advert during “Coronation Street”, or close to “News at Ten”, or on a page of a newspaper or in the

sports section because that is where you thought your target market would look most. Now it is done by algorithms. Three-quarters of digital advertising is programmatic. As somebody pointed out, the internet advertising equivalent of “There’s no such thing as a free lunch” is “If the product is free, you’re the product”. The fact is that people’s eyeballs are, as it were, bought and sold and traded across markets. I commend that box. The frightening thing is that you move from the online auction of the fact that you are watching a page to a sale in microseconds, and nobody knows anything about it. The advertising industry does not know too much about it, and it is rather concerned about it. It is so complicated that it is time that the Competition and Markets Authority looked at it.

There is a slight difference of opinion. The noble Lord, Lord Goodlad, asked a Question in December about whether the Government would instruct the Competition and Markets Authority to do an inquiry into the internet advertising world. He got the normal, straight-bat written reply that it was a matter for the Competition and Markets Authority and that the Government do not interfere, all of which is perfectly true. Then, in his Spring Statement, the Chancellor of the Exchequer said that he is going to ask the Competition and Markets Authority to do an inquiry. I suspect that this is part of the negotiation about how much tax the digital companies will pay, and the Chancellor is perhaps rattling his sabre slightly just to remind them that he can make life a little uncomfortable for them. The amount of tax paid by internet companies seems to be determined by their public affairs departments rather than the finance departments. It is a question of what will keep people sweet for another year or two. If we are able to tax internet companies, why have we not done so already? Why are we hitting on the idea only this year? The other thing that the Competition and Markets Authority could look at in passing is whether the contract rights renewal provisions for ITV, which in my view have been out of date for at least 10 years, should now finally be put to rest.

In conclusion, I tend to be an optimist and I believe in self-regulation if it is possible. However, in the report we say:

“If businesses fail to do so”—

in other words, to join up to JICWEBS and things like that—

“the Government should propose legislation to regulate digital advertising”.

For me, it is a combination of the stick and the carrot. I commend the Internet Advertising Bureau for doubling the number of companies that have signed up in the last year. It has also introduced a gold standard, which in my view is what the internet industry has to aim for. We have to infuse it with the desire to aspire to better regulation, because better regulation is in its own enlightened self-interest. If people do not trust a medium, it will quickly be discarded. A way of rebuilding trust would be for the industry to adopt the principles outlined in both this report and our subsequent report on regulation in a digital age.

We also have to bear in mind that we have not yet really seen the impact of the GDPR on this process. The fact that most eyeball trading is done without the

knowledge, let alone consent, of the original viewer must surely contravene the GDPR, so sooner or later there will be a bit of a clash.

However, if we can get 95% of what we want with self-regulation, I will settle for that, unless the remaining 5% is extremely important, simply because we cannot operate this without the full, willing consent of the internet industry. We have to get it to realise that it is in its own best interests to be regulated. Lord knows, banks are bad enough even with regulation. Nobody would want to go into a bank that was totally unregulated. Regulation will help to build trust, and I hope that the internet industry will embrace it.

12.52 pm

**Baroness Kidron (CB):** The noble Lord, Lord Gilbert, has set out very admirably the findings of our report, particularly our concerns about the opaque nature of advertising and the lack of diversity in the industry. There is also a palpable concern that current education policy does not meet the needs of the creative industries and that the Department for Education is perhaps not in listening mode; and that the looming spectre of Brexit threatens London's status as the premier hub, and first-choice location, of such a lucrative industry.

Rather than go over the ground that has been so admirably covered, I would like to pick up on one key issue that I believe would have been in the report if it were being published now and is clearly on the minds of other noble Lords; it became a considerable concern as we went on to our second report, *Regulating the Internet*. I refer to the monetisation, commercialisation and commodification of children online. In doing so, I refer noble Lords to my interests as listed in the register.

Children make up one-third of all online users globally and are therefore, like all users, subject to the business models of the world's most popular online platforms, much of whose value comes from the commoditisation of data. That business model is to harvest from users as much personal data as possible, then use that data to encourage them into behaviours and decisions likely to generate profit—that is, to advertise, market or otherwise make the user available to those who wish to have their attention. As a result, children are bombarded with targeted advertising, irrespective of whether it is in their best interests. The platforms they use are designed to keep them online for as long as possible, even to the point of addiction. This is why the majority of companies that provide online services are incentivised not to care if their users are underage. If a user creates data, they create value; if they create value, then they are old enough.

Since this goes far beyond what we traditionally understand as advertising, it is perhaps useful to consider how it plays out in practice. I am uncertain, although I will take a guess, that not many of our small number have played Pokémon GO, a game that takes players out of the house to locate and collect virtual creatures in real-world places. But the chances are that even those who have played it—children included—do not know that the game's real prize is not the collection of virtual creatures but, rather, the sale of the user's location data to companies willing to pay.

The commercial arrangement between Pokémon GO maker Niantic and McDonald's is the most prominent example of this. McDonald's pays Niantic to place virtual Pokémon in its car parks and restaurants, thereby directing droves of oblivious children towards Big Macs, fries and chicken nuggets just as the game is finished. If this was an outlier, it would still be an affront, but targeting children is a growing norm.

In 2017, a leaked Facebook memo produced shocked outrage when it revealed that the company had given a presentation to advertisers demonstrating its ability to infer emotional states, in real time, from the posts and photos of millions of children, determining when they are feeling “stressed”, “nervous”, “overwhelmed”, “anxious” or “useless”. In other words, it was targeting children with advertising when they were at their most vulnerable.

This sort of profiling and targeting is a new frontier—not advertising as we once understood it, but using a child's emotional state to help predict and shape their behaviour and then nudging them at the point they are most likely to respond. In more straightforward language, it is making them available to advertisers and marketeers at the precise moment that they are most vulnerable to the push of that commercial interest. This is not a fair fight.

Even if children are feeling their best, they are still vulnerable. Research on children's cognitive development vis-à-vis advertising shows again and again that they are unable to spot native advertising—that is, advertising that adopts the look, feel and function of the media format in which it appears; it is designed to be indistinguishable from, and therefore to undermine, other content such as facts or news. No wonder Ofcom finds that only a fifth of eight to 11 year-olds and a third of 12 to 15 year-olds can differentiate between promotional and factual content, understand that prominent search results have probably been paid for, or identify and resist the nudge towards in-app purchase. The committee's report correctly identifies that,

“many businesses exploit users' data without informed consent”.

We must surely also ask whether it is appropriate to seek the consent of a child to treat them in any of these ways. Profiling, manipulating and targeting children is wrong in principle and harmful in practice.

The age-appropriate design code, launched in draft last week by the Information Commissioner, offers a new approach. It states that a child's data must be processed only in circumstances where they are actively and knowingly engaged, and for purposes in their own best interests. This children's code, as it is now nicknamed, will require online services—including the advertising sector—to reconsider how they treat children online by making them observe the norms and protections of childhood, including protecting children from economic pressure and exploitation. The code's 16 provisions cover a number of interconnected aspects of data protection, such as high-privacy default settings, preventing sites recommending material detrimental to children's health and well-being and strategies to minimise the gathering of data—since the very best way of avoiding abuse of a child's data is not to take it in the first place. The code also covers data sharing, security of connected toys and the promotion of commercial activities that

[BARONESS KIDRON]

fail the bar of being in the best interests of the child. Its 16 provisions effectively take children out of the excesses of the business model.

Since its publication on 15 April, I have been asked repeatedly if I think it is reasonable to demand companies reduce their potential profit by preventing the commercial exploitation of children's data. I do not understand the question. It is not desirable, safe or in line with the norms of our society to suggest that a 13 year-old—or the many millions of even younger children who access commercial sites—be asked to manage the complexities and intrusive demands of a world dominated by the interests of online advertising behemoths, not least when our report quotes expert after expert describing the digital advertising market as “highly opaque”, “murky” and “fraudulent”. Under these circumstances, one must ask what chance children or young people have to protect themselves, and come to the obvious conclusion that they have none.

There is nothing intrinsically wrong with the technology we are all using. On the contrary, within it lies the promise of a better and more equitable world. However, a greedy corporate culture has been allowed to develop and until now the sector has been given a free pass for the collateral damage of its model, including the monetisation, commercialisation and commodification of childhood. Rather than questioning whether businesses should protect their bottom line, we must reassert that protecting children should be everyone's bottom line.

So does the Minister agree with me that innovation that does not include protecting the well-being of children is not worthy of the name, and that businesses in the sector, big and small, must put the best interests of children first when designing their products and services? Can he also confirm that the Government will stand firm behind the Information Commissioner, whose children's code is much admired around the world as the first serious attempt to tackle the asymmetry of power between the tech sector and children, and resist the attempts of the commercial interests working furiously in the background to water it down?

Finally, if advertising now includes the ability to take a child out of their bedroom, out of their home and across town to a McDonald's car park without their knowledge, understanding or informed consent, does the Minister agree with me that it is now time for society to formally uphold all the privileges, protections and legal frameworks that have defined childhood so far, irrespective of the nature of the service, who is paying for access to that child or where the owner is registered?

1.03 pm

**Lord Bilimoria (CB):** My Lords, the UK's advertising industry is a success story. It contributes £120 billion to the UK economy and supports 1 million jobs. London is seen as the global headquarters of advertising and a centre of excellence. We have heard that we export around the world and attract the best talent from overseas, giving us the highest quality internationally. Advertising contributes to our society and culture and highlights Britain as a great place to do business.

However, there is a but, which is that this sector is in a state of change and moving really quickly. I congratulate the noble Lord, Lord Gilbert, and his committee on their excellent and constructive report, *UK Advertising in a Digital Age*. It highlights the success of the industry and, once again, stresses that it is a significant sector of the economy in its own right. The report says up front that:

“Advertising is regulated by an industry-funded body with the aspiration that it should be ‘legal, decent, honest and truthful’”.

However, given the rapid change in the world with the internet, and with advertising spend on the internet being higher than on all other media collectively, other media are suffering. That is a challenge in itself, when you look at print advertising. The report also highlights that our departure from the EU poses challenges, particularly in attracting the best international workers in the industry.

The rise of digital advertising has changed the nature of business in the industry. The standards are questionable. We are all subject to bombardment by digital advertising and this can have a corrosive effect. A growing part of this, which has not been discussed much in this debate but is highlighted by the report, is programmatic advertising—the automated processes that are taking place. In 2017, \$16 billion that was spent on digital advertising was stolen through fraud. I declare my interests and say that I am always worried about another problem: that my digital adverts will be placed next to something completely inappropriate or indecent, or something involving hate speech. Do I have much control over that at this stage? I would like to.

The report clearly recommends that the industry should take greater steps to self-regulate through independent bodies such as the Joint Industry Committee for Web Standards. Then again—this has been highlighted in the debate—the industry is completely dominated by a small number of large companies. The report recommends transparency and suggests that the CMA should investigate this market. I will come to that later. The Government's digital charter needs to be addressed too. Perhaps the Minister could reassure us on whether the CMA will go ahead with an investigation. Whatever happens, we need to align with EU standards on data protection, and the report recommends that we have a seat on the European Data Protection Board.

The report makes an important point about which I am particularly passionate. It says that,

“the industry requires individuals with a blend of arts and science skills”.

I shared a platform on the BBC with Scott Hartley about his book, *The Fuzzy and the Techie*, in which he talks about the liberal arts ruling the digital world. There is a perception that it is all about science and STEM subjects, but it is not; it is about science and the arts. The report recommends that emphasis be given not just to science subjects but to the arts at school level, and that is excellent. It also recommends that universities should work very closely with the industry. As chancellor of the University of Birmingham and chair of the Cambridge Judge Business School, I could not endorse that more.

The conclusion of the report's summary again raises the fears about the Government's proposed migration rules, which will be disastrous for British industry on the whole, including the UK advertising industry. The self-regulation imposed by the JICWEBS is good; the intentions are good. If that fails, the Government will have to propose legislation.

The Incorporated Society of British Advertisers—ISBA—says that,

“content should not be made available for advertising placement unless it has been positively vetted”.

Is this practical? Can it be done in the real world? Consumers often do not pay for online services; they get them in exchange for giving up data. This is the way at Google and Facebook. Are the current competition laws fit for purpose in today's world? The report recommends that,

“the Government should use the Digital Charter to gather evidence on this issue”.

Does the Minister agree?

The report says:

“Many advertisers ... flout the rule that online advertising must clearly be labelled”.

This is where the report recommends that,

“the Advertising Standards Authority should create a universal, mandatory logo to signify wherever online content has been sponsored by a brand. It should enforce the use of the logo next to any paid for text or video”.

Do the Government agree?

Once again the report uses the term “STEAM”, not STEM. The fusion of arts and sciences needs to be encouraged.

On the Immigration Rules, the report recommends that,

“Tier 4 visas should be extended to allow all students to work in the UK for at least two years after graduation”.

As co-chair of the All-Party Parliamentary Group for International Students and president of the UK Council for International Student Affairs, which looks after all 450,000 international students in this country, I can say that as a country we are falling behind big time compared with our competitors: Canada, Australia and the United States. Canada and Australia in particular allow international students to stay on automatically for a minimum of two years. We used to allow that; we removed it. Research from international students around the world shows very clearly that the number one reason the UK is not their number one choice is because of lack of post-graduation work opportunities. The Government need to bring back the two-year post-graduation work visa. That will help the advertising industry as well.

The report also talks about freelancers in this world. The advertising industry relies on freelancers being able to move in this global world. We should create a visa environment that allows freelancers to work easily in the UK.

On the size of this market, UK internet advertising expenditure has increased from £3.5 billion in 2008 to £11.5 billion in 2017. This is huge growth. As I said, internet advertising overtook all other forms of advertising—television, press, radio, cinema and outdoor combined—to reach 52% of advertising spend. Paid-for

search is the largest category of online advertising, accounting for 50% of UK online advertising spend in 2017, compared with 36% for display, 13% for classifieds and 1% for other formats. The right reverend Prelate, who is not in his place, showed his mobile phone. Mobile accounts form an increasing share of the online advertising market, with smartphone expenditure accounting for 45% of total online spending in 2017, compared with 37% just one year before in 2016. Social media, mainly Facebook and YouTube, accounts for an increasing share of internet display advertising. In 2017, 57% of online display advertising was on social media, compared with 49% in 2016. These growth rates are exponential. Is the industry keeping up with it?

We then come to what the noble Baroness, Lady Kidron, spoke about so passionately: the assessment of potential harms, whether individual, societal or economic.

Then we had the Cairncross review, which was published on 12 February 2019. It highlighted the scale of change, saying:

“The most striking aspects of the change that is occurring are its speed and its extent. A majority of people—in the case of young people, a huge majority—now reads the news entirely or mostly online. In 2018, the Reuters Institute for the Study of Journalism reported that 74% of UK adults used some online method each week to find news, and 91% of 18-24 year olds”.

This is the scale of the challenge we are addressing.

Then we come to what my noble friend Lord Currie spoke about. He is very authoritative in this area as chair of the Advertising Standards Authority. He addressed in his own way what the ASA says:

“Myth: online is a ‘wild west’ for advertising, where the level of protections in place for other media don't apply. Truth: The UK ad rules apply equally to advertising online, including companies' own claims on their own websites, social media spaces and advergames”.

The ASA says that as the independent regulator. The Committee of Advertising Practice says, “We're keeping this under review; we're on top of this. Ads have to be responsible”. Its ambition is to get every UK ad to be responsible.

The ASA's slogan is:

“Legal, decent, honest and truthful”.

These are good intentions, but the IAB UK says that, “online advertising is like the Wild West ... but not in the way you might think”.

It says:

“The idea that online advertising is a wholly unregulated market is a myth. As we continue to develop self-regulation, IAB UK is committed to reducing fraud, increasing brand safety and improving the digital advertising experience for consumers”.

It talks about introducing a kitemark. But I will give noble Lords one very quick example. During the referendum an advert was placed by the leave campaign about the NHS. It linked very cleverly to the slogan of £350 million on the side of the bus: let us save that and give it to the NHS instead. This was a video advert on social media that I saw a number of times, with a split screen showing a young woman taking an elderly woman to the hospital, to accident and emergency. On the remaining in the EU side of the screen they waited and waited, and got grumpier and gloomier. On the

[LORD BILIMORIA]

leave the EU side of the screen they were seen straightaway and welcomed. Everyone was smiling, the old lady was treated; they all left and lived happily ever after. Was that stopped? It was shown millions of times. Where was the ASA?

Here is the reality: when it comes to misleading claims, unlike commercial advertising, which is regulated by the ASA, there is no complaints procedure for political ads that make misleading claims. The ASA received complaints but was unable to act on them. What will the Government have to say about this? People can make blatantly untruthful claims such as this and get away with it. It is absolutely shocking.

On the whole Cambridge Analytica scandal, in which it was accused of illegally collecting online data of up to 50 million Facebook users, Chris Wylie, its former director of research, said that his work allowed Donald Trump's presidential campaign to garner unprecedented insight into voters' habits ahead of the 2016 vote. He added that a Canadian business with ties to Cambridge Analytica's parent company, SCL Group, also provided analysis for the Vote Leave campaign ahead of the 2016 Brexit referendum. This research, Wylie said, likely breached the UK's strict campaign financing laws and may have helped sway the final Brexit outcome. Another individual involved was Shahmir Sanni. He told the *Observer* that,

"Vote Leave deliberately broke the law by purporting to donate £625,000 to a youth group, BeLeave, but instead funnelled it directly to its data and ad-targeting firm AggregateIQ (which had links to Cambridge Analytica)".

Can the Minister update us on what has happened with these allegations?

The Chancellor, Philip Hammond, said in March that the Competition and Markets Authority should conduct a review into the digital advertising market following recommendations made in a report. Will that go ahead?

From my own business point of view at Cobra Beer, we sell beer in a digital world. We have a digital strategy. It is a brand and business strategy, executed in digital. It is an opportunity for us to have more personalised contact, which is key to driving appeal and usage.

The final point I want to make is that creativity is the essence of this. Those who have design-driven, creative digital work are more likely to exceed their business goals. The Government should encourage creativity to be taught and encouraged to our youngsters at primary school, whatever their career might be, because that power to be creative will give this country the power to be innovative and to power ahead in every area, including in the advertising industry.

**The Lord Bishop of Durham:** For the record, I have been in my seat the entire time. So has my smartphone, which I have not looked at while the noble Lord has been speaking.

**Lord Bilimoria:** I apologise to the right reverend Prelate.

1.19 pm

**Lord Griffiths of Burry Port (Lab):** My Lords, I must congratulate the noble Lord, Lord Bilimoria, on doing a bit of personal advertising for his product—but not online, of course.

I am most grateful to the noble Lord, Lord Gilbert, for presenting this report at last. A year is a long time and there have been multiple postponements when other activity, which seems to me more questionable, has dominated the procedures and business of this House. This debate comes at what I consider to be a difficult time: it has been a year, and much has happened to supersede the report. Having heard the business of the House for the coming two weeks only recently, it also comes just a few days before we discuss the online harms report, where much of this material will be rehearsed all over again. We must try to do honour to this report and thank those on the committee who produced it, noting of course that between then and now—it was 11 April last year when the report appeared—many things have happened. I will cherry pick from a bunch of bullet points that I have pulled together on things that have happened in the meantime.

First, the report looked forward to GDPR; that has now happened and we can evaluate it as we will. My noble friend Lord Gordon recommended a doorstopper book; I have something a little thinner than that, published last September. It is Martin Moore's *Democracy Hacked*, which ought to be recommended reading for anybody taking part in these debates. I will willingly contribute to a fund to make it available for members of the committee and others who are interested. It is a systematic, scientific look at all the questions that have been raised in various parts of the House.

Then we got the Plum report, if I may call it that, which is included in the admirable briefing package that came from the Library. That report was commissioned by the DCMS and is called *Online Advertising in the UK*. It updates and extrapolates information, and presents it beyond the scope of the original report. The noble Lord, Lord Bilimoria, has just referred to the Cambridge Analytica scandal, which I presume came too late for inclusion in the report—in detail, anyway—and then there was the online harms White Paper itself. The noble Baroness, Lady Kidron, talked about the age-verification material that is becoming available, although I hope she can reassure us regarding a report in a newspaper that said:

"Age-related curbs on porn circumvented in minutes"—

**Baroness Kidron:** The code that I referred to is the age-appropriate design code. That is about data protection and separate from the age verification of pornography, just for the record.

**Lord Griffiths of Burry Port:** Thank you. In this area, I need correcting quite a lot so I welcome that intervention. For all that, the concern for children is picked up in the online harms White Paper. Certain harms identified when they affect children are stipulated in the list of harms there.

I cannot forbear mentioning this morning's news about Facebook. If it can put £5 billion aside to pay for the infractions which have occurred in its activities, and if for all that £5 billion it can report a 26% rise in its profits, we simply have to ask: are we in waters that are too deep for us to swim in? There are contradictory elements happening that I find very threatening and bewildering.

I want to go back for a moment. I have compared the list of harms on page 31 of the online harms White Paper—I will do it more systematically before the debate next week on that paper—with the harms, hinted at by the noble Lord, Lord Bilimoria, listed in the Plum report: individual, societal and economic. There are so many harms identified in the Plum report that do not figure at all in the list in the DCMS online harms report. We had a Question for Short Debate on this when the paper was published and I was on a wave of euphoria, because after all that Brexit stuff we were talking about real things again. I really was flying but afterwards the noble Baroness, Lady Neville-Rolfe, said to me, “But there's nothing about online harms for small and medium enterprises”. Then the noble Baroness, Lady O'Neill, came to me and said, “But there's nothing in there about the harms for our democracy”. In the end, the paper has to be more generic and overwhelmingly across the spectrum than it currently is.

Let us look at the harms in the Plum report. There is,

“Digital advertising fraud ... brand risk”,

and,

“Inappropriate advertising ... that is ... offensive, explicit ... or ... contains malware”.

Under “Societal harms” there is,

“financial support for publishers of offensive or harmful content”.

There is also “Discrimination”, described as targeted data to inadvertently categorise people on gender, ethnicity and race.

There is a moment of confession coming up—wait for it. Every morning, I generally address the quick crossword from the *Guardian* newspaper, and if I do it very quickly I allow myself to do just a couple of exercises in solitaire. That really is a confession; I am trying to avoid addiction, and coming off it cold turkey is very difficult. But when I put those things on the screen, along with the crossword; a very expensive car is advertised to me. I am a retired Methodist minister and when I came to this House, I came in my rusty Ford Fiesta. On what grounds of behavioural knowledge and profiling of me are they targeting me with a Bentley? When I come to solitaire, however, what do I find? It is ladies' clothing. What in my life do they know that I would not want to share with Members of this House, for goodness' sake? Is that clothing for my wife or some other woman, or for myself, if they think that I am interested in these garments? The more alarming thing still is that I have repeatedly allowed myself to press all the buttons that eliminate the advert from the screen, but no algorithm has yet picked up the fact that I am not interested in advertising. If it is behaviourally driven it should, but it has not; I still get the stuff anyway.

When Martin Moore wrote his book, he took us through all the stages that have produced this side of the internet. We must agree with the right reverend Prelate the Bishop of Durham and others who laud the democratic and communautaire aspects of the internet—what it makes possible for us. At the same time, I fear that the negative aspects—the underbelly or darknet—is becoming disproportionately controlling of the general aspects of this technology. One review said that just before Facebook went to the stock market in 2012—after starting by saying that it did not want any advertising when it first launched in 1998—according to Martin Moore it went,

“all out to create an intelligent, scalable, global, targeted advertising machine' that gave advertisers granular access to users. And so it created the most efficient delivery system for targeted political propaganda the world had ever seen”.

I will read one final paragraph from the review of this remarkable book, because it points me to both what the internet can do and what is too often implicit in the very things it does well. If I read it, your Lordships will get the tale. It says:

“Actually, Google is already doing a very good job”,

at helping in the field of education. It continues that:

“By mid-2017, the majority of schoolchildren in America were using Google's education apps, which of course track the activity of every child, creating a store of data that—who knows?—might come in useful when those children grow up to be attractive targets for advertising. In the near future, Moore points out, we might no longer have a choice: ‘It will be a brave parent who chooses to opt out of a data-driven system, if by opting out it means their child has less chance of gaining entry to the college of their choice, or of entering the career’”.

they aspire to. You are in because it is good for you, but being in makes you vulnerable to exploitation in the fullness of time. This is a matter about which we all must be concerned, because it affects us in incalculable ways. Even a Minister of Government as expert as the one facing me now will have to bow to the inevitable, as we stiffen our resolve to face this question head on and do something about it.

1.29 pm

**Viscount Younger of Leckie (Con):** My Lords, I am pleased to respond to this debate, initiated by my noble friend Lord Gilbert, on the Communications Committee's report into UK advertising. As the noble Lord, Lord Griffiths, said, it has taken its time to reach this Chamber and has had at least one false start—but we are here. It is a hugely important subject and one with global implications, as a few Peers have mentioned.

The broad context is the rise of digital advertising and the unprecedented opportunities and challenges that marketing delivered via online networks presents. The narrower context is change in public policy, with the Government providing global leadership in this field, including most recently considering a rare intervention into advertising regulation, specifically advertising of products high in fat, sugar or salt. I wish to say more about that later.

Against this backdrop, the committee's report was a rigorous, helpful interrogation of the challenges and opportunities that the advertising industry faces, and I

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welcome many of its recommendations. Today's debate has also been equally impressive in its thoughtful consideration of many of these issues. Before turning to those, let me add to the picture of the sector so elegantly painted by my noble friend Lord Gilbert.

I am pleased that a strong contribution was made today by the noble Lord, Lord Currie, because advertising in the UK is regulated by the Advertising Standards Authority. Its mission, as the industry's independent regulator, is based on a set of foundational principles to which the Government subscribe, namely to ensure that advertising in all media is legal, decent, honest and truthful, to the benefit of consumers, business and society. Advertising cannot be discriminatory in content. It must afford particular protection to vulnerable groups, especially children and young people. I will say more about that later, particularly in response to the interesting speech from the noble Baroness, Lady Kidron. These principles remain vital to uphold, given the role that advertising plays in our lives. The noble Lord, Lord Currie, was reassuring in the actions that he and the ASA have taken and continue to take in this field.

Advertising's direct purpose is commercial, but it also makes a major contribution to the public interest, not least in funding much of our media. A vibrant and pluralistic media at both local and national level is a cornerstone of our democracy. Advertising can also exert a significant influence on how we view ourselves and society. In many cases, the messages it delivers are socially beneficial, for example by encouraging us to eat more healthily. But, if not carefully managed, advertising can sometimes cause harm, for example by perpetuating harmful gender stereotypes. Effective regulation of advertising therefore needs to find a balance between ensuring that its influence upon society does not cause harm and allowing the industry the freedom to flourish economically and creatively.

Let my Lords be in no doubt that it is flourishing. The same research on the export of advertising services quoted at the beginning of this debate found that the industry's export market has nearly tripled in size since 2009, and the sector has the largest trade surplus in Europe. Per capita, the UK has won more Cannes Lions—which are the Oscars of the advertising industry—than any other country. This all contributes to advertising's central role in the UK economy, even in a landscape that is changing rapidly. The noble Lord, Lord Gordon, is right: London is a global centre of excellence for advertising and it must remain so.

I will focus on some detail. The committee's report explored two key features of this changing landscape. Let me address the first, the rise of online advertising, which has been a game-changing development powering the internet. Just like the internet, it has the potential to lead to personal, societal and economic challenges, whether from market concentration, advertisements funding harmful content, misuse of personal data or children seeing advertisements they should not. The noble Lord, Lord McNally, gave a considered overview of such challenges, as did the noble Lord, Lord Vaux.

Fortunately, action is being taken across these issues. The many reviews or initiatives under way sometimes appear to be something of a spider's web or duplicative

work. However, I reassure the Chamber that there is strategy and structure to our approach. Aspects of the economic dimension of online advertising have been considered already by the Cairncross review into the sustainability of the press and the Furman review, which set out wider challenges around digital markets. The Government are also addressing online advertising in relation to both economic and social harms.

The right reverend Prelate the Bishop of Durham and the noble Baroness, Lady Kidron, spoke about damage to children and advertising products with a high fat, sugar or salt content. Our launch of a consultation on advertising these particular products online, as well as on TV, is just one example. Notwithstanding strict UK regulation, children still see a great many advertisements for products high in fat, salt or sugar, including through innovative techniques online, as touched on by the noble Baroness, Lady Kidron. I agree with the right reverend Prelate that it is right that we look again at the issue.

I point equally to a series of round tables convened by the Intellectual Property Office to explore the role of digital advertising in protecting the intellectual property of creative businesses. I also point to the fact-finding forum recently convened by the Information Commissioner's Office to investigate the ad tech industry's use of personal data. All this joined-up work across government and arm's-length bodies reaffirms the UK's position as the global thought leader on online regulation. Nowhere is this clearer than in our online harms White Paper, which I will talk about later and was referred to by the noble Lord, Lord Griffiths.

As highlighted by the noble Baroness, Lady Kidron, the impact of harmful content online can be particularly damaging for children and their mental health. The White Paper therefore sets out our plans for legislation, with clear responsibilities for technology companies to keep UK users safe on their platforms. I note, in this context, Mark Zuckerberg's welcome call recently for Governments and regulators to play a more active role in internet regulation. As the noble Lord, Lord Griffiths, said, we will have ample opportunity to discuss online harms and the pitfalls or otherwise that he raised, which he or others might see as prevalent in this White Paper.

Although online advertising is not a principal focus of the White Paper, it is clear there is plenty of work already happening in this field, and a critical challenge is ensuring that the whole is greater than the sum of its parts. With this in mind, the DCMS Secretary of State Jeremy Wright recently announced a review of online advertising, which will look at the sector's social and economic challenges in the round. This initiative is being considered against the backdrop of the continuing work of the Advertising Standards Agency, which aims to put the protection of consumers online at the heart of its work over the next five years. The noble Lord, Lord Currie, alluded to this, and there are other self-regulatory initiatives being undertaken by the industry.

As my noble friend Lord Gilbert noted from his committee's report, the so-called JICWEBS is doing valuable work to improve the measurability of online advertising to help combat advertising fraud and misplacement. The noble Lord, Lord Bilimoria, also

spoke about that point. I would like to say more about this area but, before I do, I note the comment made by the right reverend Prelate the Bishop of Durham about the comments of his son. A possible riposte is that he is perhaps feeding him fake news about his inability to grasp technology, but maybe we should put that to one side.

The noble Lords, Lord Vaux and Lord Bilimoria, raised concerns about fake news and reviews. I agree this is important, and we need to drill down on this area and look at it carefully. The Government are concerned about deliberate attempts to mislead UK audiences and manipulate political debate, including through advertising. We take this issue seriously. Whether through the online harms White Paper or the forthcoming Cabinet Office response to the *Protecting the Debate: Intimidation, Influence and Information* consultation, we are taking action to address this and there is much work to be done.

My noble friend Lord Gilbert asked what the Government would do to combat ad fraud. As I said earlier, the Government recognise the harm caused by advertisement fraud and misplacement, both to consumers and to an industry concerned by declining public trust in its work. Through our review, there could be scope to work with the ASA and the rest of the industry to better understand and address such challenges.

In response to the question asked by the noble Lord, Lord McNally, about the Government's attitude to self-regulation of online advertising, I can say that our review will look at whether the current regulatory regime is equipped to tackle the unique challenges of online advertising. As he alluded to, proportionality is critical. We are very much alive to the need to ensure coherence between the different players in this space.

The noble Baroness, Lady Kidron, raised the question of putting children first, her speech focusing mainly on that area. I strongly agree with her that advertising needs particular attention. The ASA is already active in this field, in applying rules limiting children's exposure to harmful or inappropriate products and governing the techniques used to advertise to children. I welcome the Information Commissioner's consultation on an age-appropriate design code. We will of course have in mind the protection of all consumers, including children, during our online advertising review.

Let me touch briefly on the Competition and Markets Authority. As my noble friend Lord Gilbert and the noble Lords, Lord Currie and Lord Bilimoria, noted, there has been a veritable chorus of calls for the CMA to lead a market study on the digital advertising market. We are conducting a statutory review which will fulfil the requirement to review certain aspects of competition law by April 2019—that is, this month—as set out in the government response to this report. The Government are also reviewing the UK's competition tools in the context of digital markets to make sure that the powers are effective in responding to current and emerging challenges, and we will consult on these matters in due course. The noble Lord, Lord Tyrie, who I do not believe is in his place, has written to the Secretary of State proposing changes to the competition regime. The noble Lord, Lord Bilimoria, asked when

the Government would respond. We will consult on the proposals in the letter from the noble Lord, Lord Tyrie, and respond in due course.

In response to concerns about the CMA's capacity to conduct such a review, it is important to note that the UK has always been a world leader on competition. We have a well-established competition regime and an independent enforcement authority that is regarded as one of the most effective globally, and we are confident in its readiness for EU exit. The Government have carried out a statutory review of certain aspects of competition law. This will complement work reviewing the UK's competition tools in the context of digital markets. I take note, as will, I am sure, the noble Lord, Lord Tyrie, and the CMA, of the comments made by the noble Lords, Lord Gordon and Lord Bilimoria, about the actions that the CMA might wish to take.

All this activity takes place in the context of the second key feature of the landscape explored in the committee's report: the UK's departure from the European Union and the impact that this and other developments may have on the advertising sector's workforce—I was quite surprised there was not too much focus on Brexit in the debate; perhaps it was something to do with the Easter holiday. Around 12% of employees working in the UK advertising industry were born outside the UK. Not surprisingly, our departure from the EU has given rise to concerns.

I want to be clear that the Government recognise that advertising is a people-based business which benefits from the most creative minds. Ensuring access to talent is critical to our competitive advantage. EU citizens currently working in advertising in the UK can stay. The EU settlement scheme is intended to be quick, easy to use and free. The scheme opened fully at the end of March and is, I understand, working smoothly. Our immigration White Paper, which the right reverend Prelate the Bishop of Durham alluded to, set out our vision for the future immigration system: a single, skills-based immigration system which will allow businesses to bring in the best talent from anywhere in the world. We are currently undertaking a year-long process of engagement with a wide range of stakeholders, including the creative sector, before finalising the detail.

Equally important is our ability to nurture domestic talent to give young people here in the UK the best opportunities. That is why we are carrying out the greatest reform to our technical and post-16 education system since A-levels were introduced 70 years ago; namely, T-levels. We are committed to ensuring that our children receive a broad and balanced education which takes into account the skills needed for the future economy.

The noble Lord, Lord McNally, raised some interesting points about the import of artificial intelligence. My brief tells me that, although it is never certain, up to 35% of jobs may disappear in the coming years as a result of AI. That is why we have introduced the national retraining scheme, with funding of £100 million, to look at how we can address this. As the noble Lord will know, this was never done in the 1980s, when there was enormous change. I hope that the so-called Titans from the 18th century to which he referred, Fox and Pitt, will be spinning in their graves knowing that we will be much better prepared this time.

[VISCOUNT YOUNGER OF LECKIE]

The best schools in the country combine a high-quality cultural and digital education with excellence in core academic subjects. I assure noble Lords, particularly the noble Lord, Lord Bilimoria, that our students will continue to have access to all.

My noble friend Lord Gilbert mentioned apprenticeships standards. On developing these, employers in the creative and design and digital routes are firmly in the driving seat. Forty-one have now been approved for delivery in these sectors, including, for example, one for advertising and media executives. However, I hope that the Chamber will agree that the sector is more of a challenge, as it is more broadly based and varied, so we need to do more to redress the shortfalls. I saw earlier that the noble Baroness, Lady McIntosh, was in her place. If she were here, I think that she would be nodding at this.

We are also supporting the creative industries sector's new creative careers programme, mentioned by the noble Lord, Lord Gordon. Our aim is to ensure that, by 2020, some 2 million young people will have better information about the range of careers on offer, opening up the creative industries far beyond their traditional sources of labour. Encouraging diversity and inclusion in this way is critical to making more of our domestic talent. We are committed to working with the business community to help our workforce thrive; for example, by supporting ambitious targets for gender and ethnicity in boardroom representation in the coming years.

But inclusion cannot stop there. We agree with the committee that encouraging social mobility is critical, which is why, in the service of that goal, we are working to stop illegal unpaid internships. I welcome the committee's recognition that informal recruitment practices remain a problem for the advertising sector. Parts of the sector are showing leadership on this, but I share the view that it needs to do more. The law is clear that anyone performing work for an employer must be paid. HMRC has written to almost 13,000 employers in industries which often offer internships to draw their attention to the national minimum wage rules and help them to comply. We feel that the balance is right between bringing in legislation and using the "nudge effect" to make sure that employers uphold their responsibilities.

On a separate point, I know that the noble Lord, Lord Bilimoria, raised a question about Cambridge Analytica. The best thing to do is for me to write to him with some details on that somewhat complex area. I will do so and put a letter in the Library as well.

The UK advertising industry should be a source of great pride. Alongside the United States, we remain an advertising global superpower, a by-product perhaps of our diversity, tolerance and boundless capacity for creative enterprise. From Cadbury's drumming gorilla to Sony's colourful bouncing balls, we produce creative work with global impact. From Dove's 15-year "Campaign for Real Beauty" to Channel 4's "Superhumans" adverts for the 2012 and 2016 Paralympics, we produce work that drives social change. This is why the Government will help this industry to thrive through an unprecedented period of change.

Once again, I commend my noble friend Lord Gilbert and the committee for this report, which will help set the terms of the debate for the future of this vital sector.

1.50 pm

**Lord Gilbert of Panteg:** My Lords, I thank all noble Lords who have contributed to this debate, especially the Minister, who responded to all the points made, and the Front Benches, from which there were interesting contributions. It was a pleasure to hear from the noble Lord, Lord Griffiths of Burry Port, who spoke with great wisdom and a little bit of poetry. He was quite right to point out that a lot has happened in the 12 months since this report was published, including the publication of a wider-ranging report from the committee on the regulation of the digital economy, a subject that was touched on in the debate.

I particularly thank the members of the committee, who are extremely experienced and expert in a range of areas relating to the creative industries. The debate drove home to me the centrality of the advertising industry to those industries, both in bringing in skills and in funding so many important areas of them. This is why it is important for public policy-making to have a strong focus on the future of the industry.

On future regulation—given that it may be 12 months until this House discusses the committee's next report—it is worth reflecting, as the noble Lord, Lord McNally, did, on the sort of 18th-century institutions that we have for regulating in the digital world. This reinforces one of the findings of our most recent inquiry: we need to find ways of regulating in the digital era, not just regulating the digital economy. That means much faster-moving regulation and a different sort of role for Parliament. In our latest inquiry, we recommended a Joint Committee of both Houses of Parliament, working with a body which looks forward to issues that are going to arise in the future so that policymakers are not constantly reacting to the latest newspaper headlines but are creating public policy which addresses future problems. To some extent, that answers the right reverend Prelate's concerns about the balance between statutory and non-statutory regulation. If you are looking forward and identifying issues, you can come up with a menu of options for assuring societal values are asserted and dealt with. This may often mean that less regulation is appropriate.

Finally, it is important to recognise that, as the Minister said, we have first-rate regulators in this country. The CMA, Ofcom and the Information Commissioner's Office are highly respected around the world. In a post-Brexit environment, they will have an important role in asserting our soft power around the world, ensuring that they engage globally with other regulators and continuing to offer leadership in the areas that they regulate. A strong relationship between Parliament and their forward-looking work will be very important. I thank all noble Lords who have contributed to this useful and fascinating debate.

*Motion agreed.*

## NHS Mandate Statement

1.53 pm

**The Parliamentary Under-Secretary of State, Department of Health and Social Care (Baroness Blackwood of North Oxford) (Con):** My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer given to an Urgent Question in another place. The Statement is as follows:

“I am grateful for the opportunity to set out the Government’s approach to setting a mandate for NHS England for 2019-20. The Government’s annual mandate to NHS England for 2019-20 will, for the first time, be a joint document with the annual NHS Improvement remit letter, signalling the importance of these two arm’s-length bodies working increasingly closely to maximise their collective impact.

It will set one-year transitional objectives to allow the NHS time to plan to implement the long-term plan it has developed to allow it to meet the needs of patients, families and staff as it heads towards its 80th anniversary, as well as continuing to set expectations on planning for EU exit. We are committed to the NHS and are funding its long-term plan to ensure it is fit for the future for patients, their families and NHS staff. The accountability framework sets the expectations that will make the plan a reality as we look ahead to the 80th birthday of the NHS.

The Government have continued to prioritise funding the NHS with a five-year budget settlement for the NHS announced in summer 2018, which will see its budget rise by £33.9 billion a year in cash terms by 2023-24. The funding settlement and implementation of the NHS long-term plan are not affected in any way by the short delay in publication of the accountability framework. We are all engaged to ensure that the accountability framework is published and laid as soon as possible. I and my ministerial colleagues and officials are working closely with NHS England and Healthwatch, as statutory consultees, to ensure accountability, improvement and progress to deliver world-class care for patients”.

1.55 pm

**Baroness Thornton (Lab):** My Lords, I thank the Minister for repeating the Answer to the Urgent Question asked by my honourable friend Jonathan Ashworth in the Commons earlier today. Why was it necessary to ask that question at all? I hope the Minister may be slightly embarrassed by the lack of courtesy in not informing Parliament of the delay in laying the mandate for NHS England before Parliament in a timely fashion. That is the first time that has happened since the Health and Social Care Act 2012 came into operation. She must also recognise that this is a very important matter. The Secretary of State appears to have ignored the statutory obligation which was much debated and discussed in your Lordships’ House before that Act was passed. Your Lordships placed huge importance on the mandate and the fact that this was how the NHS would be held to account.

Why was this deadline missed? The answer—that the NHS was busy doing the plan and such things—is not adequate. This is about accountability to Parliament. We need to discuss why targets in last year’s mandate have not been met. This is a serious omission for the mandate because it sets the objectives that the Government expect NHS England to achieve, as well as its budget. I absolutely accept that the Government are committed to the budget and the plan, but they do need to address, with some apology, the lack of accountability that this omission means.

**Baroness Blackwood of North Oxford:** I thank the noble Baroness for her question. I refer to the comments by Simon Stevens in the PAC yesterday, when he laid out how he sees the situation for the NHS:

“We have an agreed direction in the long-term plan ... We have the budget set for the next year, and we have the NHS annual planning process ... wrapped up. 2019-20 is ... a transition year into stepping into the new five-year long-term plan”.

As the noble Baroness knows, planning guidance for 2019-20 was updated in January when the long-term plan was published. For all practical purposes, this document sets the decision-making for local NHS decision-makers during this year. The national implementation programme for the long-term plan, which will set the longer-term milestones for delivery of the plan until 2023-24, will be published at the end of this year. The mandate and its accountability framework is an important accountability mechanism and strategy document for the NHS. It is taking longer partly because of the close working of NHSE and NHSI and the transitional nature of this year.

It is important that this document does come out, for the purposes of strategy and accountability, but it is most important that it is got right. That is why it is taking slightly longer. I look forward to the debate this House will have when it is published. I am sure that the noble Baroness will hold us to account in the usual manner.

**Baroness Walmsley (LD):** My Lords, I am very sorry that the Minister has been forced to give such an innocuous Answer on such a very important issue. We are awaiting not only the mandate but the workforce plan, and we have long awaited the social care Green Paper. Is the department still busy recruiting around the world to replace positions that are being vacated by staff from the EU—who are either going home or not coming here in the first place—or is there some other reason? I would have been much more reassured if the Answer had told us that the department is discussing with other departments across government the social determinants of health and how addressing those will help make the NHS much more sustainable in the near future. Can the Minister rescue this innocuous Answer by assuring the House that those discussions are taking place?

**Baroness Blackwood of North Oxford:** The noble Baroness is absolutely right that there is cross-departmental relevance to both the social care Green Paper and the workforce strategy. She will know that the long-term plan and the forthcoming Green Paper on social care

[BARONESS BLACKWOOD OF NORTH OXFORD] have been developed in tandem. A number of reforms were already set out in the long-term plan, including the enhanced health and care homes model, which will of course involve MHCLG; the comprehensive model for personalised care, which will involve the personalised health budgets; and of course local health and care plans, which will simplify healthcare systems. We are looking forward to the Green Paper being published in full and I am sure that she will want to hold me to account on that in this Chamber. I look forward to that moment with great anticipation.

Of course, the workforce plan and HEE's budget are also a matter for cross-departmental debate, as is the spending review, which is another reason why a lot of work is going into this. Again, it is important that this work is done to get it exactly right. The principles on which that work must be done are to consider multi-year funding plans for clinical training places based on the workforce requirements of the NHS going forward.

**Lord Low of Dalston (CB):** My Lords, I want to raise not the timeliness of the mandate but its content. The noble Baroness will be aware of the problems of undercapacity in eye care services—which were documented by the report entitled *See the Light: Improving Capacity in NHS Eye Care in England*, produced by the All-Party Parliamentary Group on Eye Health and Visual Impairment, of which I am co-chair—and that undercapacity is putting the sight of patients at risk. The first recommendation of that report, addressed to the Secretary of State for Health and Social Care, was that eye health should be specifically included in the Government's mandate for the NHS, to ensure that it is accorded a higher priority than it appears to enjoy at the moment. Will the Minister give me an assurance that this recommendation will be fully addressed when the new NHS mandate is finally published?

**Baroness Blackwood of North Oxford:** I thank the noble Lord for his question. I can tell him that, while the accountability framework has not yet been published, it has been decided that it will be a high-level framework that will set two objectives: to ensure the effective delivery of the NHS long-term plan, and to support the Government in managing the effects of EU exit on health and care. Of course, the long-term plan includes improvements to a number of services and this will be followed by the national implementation programme for the long-term plan, which will have milestones for delivery of that plan up to 2023-24. I hope he will be reassured that eye health is included in that. If he would like to follow up specific points with me regarding the concerns his group has raised, I would be very happy to meet him later.

**Baroness Masham of Ilton (CB):** My Lords, can the Minister give an assurance that people who want to do so can come to work in the UK and be paid less than £30,000? Otherwise, this will stop many people coming: care homes and people who are disabled and living in their own homes cannot afford £30,000.

**Baroness Blackwood of North Oxford:** The noble Baroness raises a very important point. This, of course, will not be part of the accountability framework but it is a very important question of concern for Higher Education England and the workforce strategy which is going forward. It has been a question of close discussion and debate between the Department of Health and Social Care and the Home Office and will continue to be so.

**Baroness Emerton (CB):** The 2014 Act stated clearly that we were looking for safe staffing. The cry at the moment is an urgent plea for a safe staffing formula that will satisfy the needs of the whole population. As far as I can see, five years after the law was passed, we are now looking at another two or three years. We are really in a situation in which safe staffing is the top priority.

**Baroness Blackwood of North Oxford:** I thank the noble Baroness for her question. As I have said, the Government set out six principles underpinning the long-term plan to meet the expectations that the NHS has for the future. One of those principles is to ensure that the NHS is building the workforce that we need for the future, so that we have the right numbers and the right types of doctors, nurses and other expert professionals, with more of them being trained here in the UK. As part of the spending review period, we will be working to understand how we can get the funding necessary to recruit and train new staff as part of the HEE process for the workforce strategy.

## Brexit: Food Prices and Availability (EUC Report)

### *Motion to Take Note*

2.05 pm

*Moved by Lord Teverson*

That this House takes note of the Report from the European Union Committee *Brexit: food prices and availability* (14th Report, HL Paper 129).

**Lord Teverson (LD):** My Lords, it is a great pleasure to introduce this report, which, like the previous one that was debated this afternoon, is a year old. For that reason, I am sure that we will bring the debate up to date. On the other hand, in a key way nothing has happened: we are still in the European Union, and the concerns, fears, expectations and hopes of this report when it was written a year ago are still to be proven or unproven. I hope that today's debate may still contribute something, for when or if Britain leaves the European Union, on this important area of food. I emphasise, though, once again, like all my fellow EU Sub-Committee chairs, that the committee itself is completely neutral on Brexit or no Brexit: what we are attempting to do through these reports is to explore the issues in depth and to call Ministers and the Government to account, as we will today.

The report we are debating today is particularly important because food is not an issue that we necessarily debate in this House very regularly. Although food and Brexit, and the issues that are in the report, are very important, we Members of the House of Lords are able to go downstairs and have a two-course meal for probably a fiver. It does us good, it is very nutritious and there is probably no one around the Chamber, I suspect, who is challenged in terms of diet, consumption, being able to eat or food poverty. Yet today a report came out saying that we now have some 1,800 food banks in this country and that some 14 million meals over the last year were provided to those in fuel poverty—sorry, food poverty; I was speaking in the wrong debate there. What I want to emphasise during this debate is that while we as—dare I say?—typical Waitrose customers may not be too concerned about this area, it is a real challenge to a large number of families in this country. Food prices and food security really matter.

Let me give a little background. Why is food particularly important and why is it different in terms of the Brexit debate? First, unlike services and unlike many manufactures, food is perishable. If we do not deliver it, if we do not get it through borders, if we do not manage to get it through phytosanitary controls, the product is wasted. It is an important part of the food supply chain that is very time-determinate. The other area is that food is particularly important in terms of public health and biosecurity. Therefore we cannot just throw open our trade gates and ports, because there are serious issues around public health—as we saw with the tragedy of foot and mouth disease some decades ago—and all the challenges we have with biosecurity.

We import some 50% of our food, and 30% of all our food comes from other European Union countries. You have to add on to that, in terms of this debate, another estimated 11% that comes through the 50 trade deals and agreements that the EU has with some 56—sometimes reported as 60—other states. So altogether, 40% to 41% of the food consumed in this country comes through EU or EU-related treaties. For some 30 years our self-sufficiency—an area which sometimes receives particular political attention—has declined. That is not necessarily a very easy answer.

We have to remember that, unlike manufactures—certainly unlike services—the agricultural sector is still least affected by reductions in trade tariffs and the costs of trade. Barriers to agricultural produce, whether processed or raw, are still relatively high in world trade. As we know, the EU tariffs that we reflect at the moment in our joint customs regime are on average something like 22% on the cost of food coming in from non-EU areas—although developing countries of course have preferential terms in that area. It is worth saying that one of the biggest determinants of the change of food prices is the exchange rate. It was certainly true for the Minister when we held the inquiry that that was far more important than the Brexit issue. We must remember that the two are intricately related; a bad or difficult Brexit probably means a major impact on exchange rates as well.

I will go through a couple of scenarios that the committee considered as to what might happen with food prices. One is very optimistic: once we are a free trading nation, we will have complete control over our tariffs and could decide to completely reduce them to zero and open our agricultural markets to the rest of the world. In that scenario, food prices should come down quite substantially. That would of course have a major effect on the UK agricultural industry, but it might be seen by a Government at the time as a price worth paying. But we must remember that, under World Trade Organization rules and most favoured nation rules, if we reduce tariffs to zero for one area and do not have trade agreements with other nations, they all have to be reflected in precisely the same way. That is particularly concerning in terms of a no-deal exit from the European Union. We could reduce prices in that sort of situation, because there would probably be a glut of UK products that could no longer be exported to the EU because of its external tariff. So there is optimism on prices.

Alternatively, in a no-deal Brexit we will almost certainly have, not the frictionless trade we all want for the future but one that is very much the opposite—high paperwork, full controls on phytosanitary, documentation and new IT systems. In terms of the export and import of goods, it is estimated by the port of Dover that the difference could be from two minutes, as at the moment, for goods passing through on ro-ro to as much as 45 minutes under full documentation. Efficiency will go down, and that cost will ultimately have to be borne by consumers. A completely open and free trading nation could have world markets and increased food security, but, again, our domestic self-sufficiency will almost certainly go down. Again, we have a whole area of technical regulations and red tape barriers. As we now know, even more than a year ago, we have a situation where other free trade deals are probably far more difficult to implement than we had thought at the time.

I will look briefly at a no-deal scenario. Exchange rates will probably go adversely, which will cause prices to go up. There will be border checks and a tariff regime—although, as the Government since our report have published what those tariffs might be, it is interesting to see that there would still be substantial tariffs in a number of areas such as pigmeat, sheepmeat and similar products, and not so much in manufactures.

In the time that I have left, I will concentrate on labour and food security strategy. One of the consistent themes in the reports of my sub-committee is the real challenge of labour post Brexit, with or without a deal. This was mentioned in previous debates. Certainly, some 30% of the individuals engaged in the food processing industry, which is the largest manufacturing industry in this country, are non-UK EU nationals. In Cornwall, where I live, that proportion is significantly greater. Some 80% of the workers in the horticultural industry are seasonal, and 96% of them are from other EU countries. So there really is a challenge in delivering UK food in terms of both the supply chain and actual production and harvesting. We also looked a number of times at vets, who are overwhelmingly non-British EU citizens. There, too, there is a huge challenge.

[LORD TEVERSON]

I will return to the other development since this report was produced a year ago—immigration policy, and the potential £30,000 level of barrier to entry. Clearly these sectors will be hugely challenged by that. A year ago, the Minister was even against a seasonal workers scheme. I believe that now there is a change there, and I would be interested to hear from the Minister whether it is still the intention to change that.

Members of the committee felt very strongly that overall there was a need for a food security strategy. I would like to think that through listening to our report the Government have now undertaken to publish one post Brexit, but I would be interested to hear from the Minister where that is now.

I have one or two questions from the committee. First, we have already seen within the WTO the conflict around tariff rate quotas and splitting those between ourselves and the European Union, and the objections, particularly from southern hemisphere producers. I would be interested to hear where we are on that. On IT systems, the so-called CHIEF system had huge capacity issues in terms of future customs procedures, so can the Minister say where we are in terms of replacing the system or at least enabling it to cope with the huge amount of increased paperwork? On tariffs, I found it difficult to understand the Government's proposal in terms of the Northern Ireland/Republic of Ireland border, where they said that there should be no tariffs. I do not understand how that cannot cause both large distortions in trade and indeed criminality—so I would like to understand that. It was almost a surprise to the committee that the former Minister, Sir George Eustice, said that to help trade through ports there would be no phytosanitary checks. If that is still the case, how long would that last for, and when will that national food strategy come out?

One of the things that came out strongly from our report is that the Minister at the time seemed a lot less concerned about food and its security and pricing than the committee and certainly our witnesses were. It is quite obvious that the frictionless trade in food and food products that all of us, including the Government, want, is impossible in the context of the red lines that the Government still have. I do not understand how those can be reconciled, and nor does the committee. Food will be the first casualty of Brexit, particularly if it is a no-deal Brexit. In addition, we have food poverty and real wages have not gone up in the UK since before the recession in 2008. For the lowest decile of the population, food now accounts for 33% of household expenditure, whereas for the top decile—which I suspect a number of us are in, although perhaps not myself—it is only 10%. That is a real challenge. I look forward to the Government taking this issue seriously for the future and to the answers that will be given by the Minister, as well as to the noble Earl's maiden speech. I beg to move.

2.22 pm

**Lord Carrington (CB):** My Lords, I declare my interests as a farmer, as set out in the register. I had hoped to speak after my noble friend Lord Devon so that I could already have bathed in his wisdom, but all

I can do now is wish him luck. I welcome this debate on the report but regret that it comes nearly one year after publication. Much water has passed under the bridge, therefore while I welcome the report and agree with most of its recommendations and conclusions, I will now highlight what is relevant but missing.

Much has been written, both inside and outside Parliament, on the likely impact of Brexit on food prices and availability, but to me the one thing that is obvious is that until the scope and timing of Brexit is clear, all we can do is make informed guesses. With so much outside the control of this country—third-party status, negotiations with non-EU countries, non-tariff barriers, visa restrictions and much else—the most sensible approach is to identify those areas where we have control of the agenda and do not need the approval of third parties, and make sensible reforms forthwith.

In this respect I direct your Lordships' attention to the fact that currently we produce 60% of our food, and with improvements in technology, good husbandry, capital investment and suchlike, we could increase this percentage, particularly in fruit and vegetables. However, one of the most important factors for our producers and consumers is that we have a comprehensive food strategy and an agreed agricultural policy that enables long-term decisions to be made with a degree of certainty that the rules will not change in the investment cycle. I therefore seek clarity from the Government on when this House will be able to consider the Agriculture Bill, which appears to have become stuck on Report in the other place since September of last year. Why are we waiting, when the finalisation of that Bill will provide the certainty that farmers require and enable sensible investment that should benefit both food prices and availability?

Many aspects of this important Bill need to be further discussed and hopefully amended, but it is firmly in our hands and does not require the approval of Brussels or anyone else. Briefly, the Bill sets out the transition from area-based subsidies to payments to farmers for public goods. Personally, I have no real objection to this change, as long as food production is classed as a public good. The policy will, I hope, improve our degraded soils and fragile wildlife, but I have a concern about the scant reference to the production of all-important food. This was certainly picked up in the other place, in particular by the honourable Member the SNP spokesperson Deidre Brock, who said:

“We have a Bill to regulate agriculture that is silent on the very essence of agriculture”.—[*Official Report*, Commons, 10/10/18; col. 171.]

As in all things, there has to be compromise, particularly when we are deciding between the balance of environmental benefits and food production. We also need to understand that currently subsidies account for between 50% and 80% of a farmer's income. The farming industry is likely to be very financially vulnerable for some time while the necessary changes are made to its business models.

Bearing in mind that upland farming needs all the help it can get, whereas grade 1 land requires no area-based subsidy, people seem to forget that a huge proportion of farmland in this country is of pretty

average quality and beauty, and its profitability has been highly dependent on the basic payment subsidy. With the steady withdrawal of this subsidy, many farmers of this land will be looking around for the best option available to guarantee that they get a steady and predictable income with as little risk as possible. The Government's proposed new environmental land management system—ELMS—is likely to attract many, but potentially at the cost of lowering food production in this country. Growing crops will be inherently more risky because there will be no subsidy to fall back on in the event of some disaster related to commodity prices, climate events or disease.

We do not want to discourage sensible food production at a very uncertain time. People will say that the environment will benefit and the public will benefit from increased access, but we cannot eat the environment or graze ewes with lambs in a public playground. We need to study closely the clauses in the Agriculture Bill that cover the circumstances for intervention in agricultural markets and thereby provide farmers with a safety net to justify their taking additional risk rather than just harvesting subsidies. The intervention clauses are currently based on the existing common market organisation regulation—CMO—which now looks a little dated.

Surely we should be looking at other support mechanisms that are used around the world to support farmers in the event of the advent of factors outside their control. In this respect I urge the Government to look at insurance mechanisms, whereby farmers pay premiums to an insurance scheme supported by government. We could also look again at the cereals deficiency payments scheme that operated before we joined the EEC. Such schemes help to address the harmful effect of uncontrollable adverse events on producers, which is also of benefit to consumers, as it enables farmers to survive events that are out of their control and continue to produce, rather than going bust.

This is not the moment to go into the detail of the Agriculture Bill, but purely to make the point that we are wasting valuable time by not addressing domestic issues completely under our control that could have a significant impact on food production in this country. This would be a major contribution to the stabilisation of prices and availability of food.

2.30 pm

**Viscount Hanworth (Lab):** My Lords, the difficulty of discussing the effect of Brexit on food prices and availability is that we do not yet know what form Brexit will take, if indeed it materialises. Nevertheless, I shall talk about some of the worst things that could happen. At present, we do not even know whether there will be a transition period to allow some of the outstanding matters to be settled in advance of a definitive severance. Part of the reason for the lack of detailed planning has been the unwillingness of the European Union to negotiate trade policy and other matters in advance of a settled agreement.

Another part of the problem is the lack of detailed perspective that might have been available if the Government had embarked on meaningful exercises in forward planning. Our committee has been assured by the Minister that the problems that have concerned us

will be largely overcome by rolling over existing arrangements. This presupposes a ready accommodation of post-Brexit Britain by the European Union.

However, leaving the EU without establishing a customs union would pose a severe impediment to the free movement of goods. Under the arrangements of the European Union, goods that have originated therein have had free passage to anywhere else in the Union without tariffs or other impediments. The European Union is surrounded by a tariff wall that protects its economic activities from competition that might undermine them. This allows member states to pursue their comparative advantages in industry, agriculture and services, while creating a benefit for all of them.

As we have been told, the UK produces 48% of the food that it consumes and the remainder is imported. The imports come preponderantly from the European Union, which provides 30% of what we consume. Another 11% comes from non-European Union countries under terms of trade negotiated by the European Union, which have guaranteed sanitary and phytosanitary standards and, where appropriate, standards of animal welfare. These guarantees have obviated the need for inspection at our borders.

The UK also exports a substantial proportion of its agricultural output and the products of its food and drink industry. The value of these exports is about half the value of the corresponding imports, and some 60% of the exports are sent to the European Union. In the event of a no-deal Brexit, or with the UK outside the EU customs union, all these exports will be subject to the tariffs that the EU must apply uniformly to countries that are not its members. Some of the tariffs would be so high as to threaten the survival of the relevant UK industries. The import tariffs that the European Union imposes on agricultural products are among the highest. For whole milk, there is a 70% ad valorem tariff; for beef, it is 56%; for lamb, it is 40%; and for poultry, it is 14%. These tariffs are testimony to an enduring purpose of the Union, which has been to protect its farmers. Their imposition on our farmers would devastate them.

If we were to be outside a European Union free trade area, we should inevitably be imposing tariffs on our import of foodstuffs. They would be needed to protect our agriculture against the competition from cheap imports. The World Trade Organization rules oblige the UK to treat imports from the European Union in the same way as it treats imports from any other country. To the extent that we are prepared to lower our tariff barriers to protect our consumers from price increases, we should be further imperilling the livelihoods of our farmers, who would already be suffering from the loss of their export markets.

It has been widely observed that rising food prices are bound to affect the poorest members of our society the most. If we were prepared to import cheap foodstuffs that do not fulfil the European standards of quality and, at the same time, to alleviate our own quality controls, our food exports would be disbarred from the EU market.

On 13 March, the Government issued a schedule of tariffs that would apply in the case of a no-deal Brexit. This gave industry and agriculture next to no time in

[VISCOUNT HANWORTH]

which to absorb the details and formulate plans in response, if 29 March had indeed been the date of leaving the European Union. High tariffs were proposed for beef, sheepmeat, poultry, pigmeat, butter and some cheeses. These were aimed at protecting the producers whose exports will suffer from the aforementioned high European Union import tariffs. To the dismay of the National Farmers' Union, protection was not extended to eggs, cereals, fruit or vegetables.

Given that there will be no tariff at the border between Northern Ireland and the Republic, one wonders how the regime could be maintained without creating severe distortions. Perhaps in replying, the Minister would care to deal with that point, as he has been asked to by the noble Lord, Lord Teverson.

One Cabinet Minister proposed in a television interview that the UK could grow more food to keep prices down. He asserted that if supermarkets bought more at home, British farmers would produce more, and if they bought more from abroad, it would damage French and other continental producers. He seemed to be suggesting that the latter would be a desirable outcome. The derision he encountered was because he had no idea of the timescale that would be required for the necessary adaptations by our farmers. Increasing food production takes time, and it would not be possible to increase production in time to meet the demands of Brexit. Nor was he taking sufficient account of the fact that the variety of food that we presently enjoy in this country comes from our willingness to import what we cannot grow. The prospect of reverting to cabbages and potatoes in winter and lettuces and cucumbers in summer will fill many consumers with dismay. At present, we can eat whatever we wish at any time of year.

Nevertheless, it is appropriate to consider matters of self-sufficiency in food and the security of its supply in the wider perspective of global trends in agriculture. The present abundance of food is a temporary benefit. It is likely that there will be severe global shortages within two decades. The threat of global starvation envisaged at the end of the Second World War was averted by a combination of fortunate circumstances. These included the mechanisation of agriculture, an ample provision of fertilisers, the advent of hybrid varieties of cereal crops and the availability of abundant supplies of water from irrigation. The resulting period of relative abundance came to be known as the Green Revolution. It is now at an end, and many of its gains are being reversed.

The problems of soil salination, which arise from the ill-advised use of irrigation in warm climates, have severely diminished the agricultural output in many regions, including the Indian Punjab, which has been described as the Asian bread-basket. The global warming we are experiencing has made inroads into the agriculture of tropical regions that are becoming deserts. The rise in sea levels, which is the consequence of the thermal expansion of water, threatens to inundate low-lying river deltas, where much of the agricultural output originates in the developing world. A one metre rise in sea level will eliminate 30% of those low-lying croplands.

Evidence of the precariousness of our supplies of agricultural produce and their susceptibility to untoward global events has already been demonstrated by the experience of 2008, when there was a spike in food prices. To the extent that we cannot rely on global supplies, we must become more self-reliant. We can do so most effectively in the context of integrated European agriculture. A hard Brexit will make this difficult, if not impossible, to achieve in the short term, and it is uncertain how much time is available to us to secure our food supplies in future.

2.39 pm

**Earl of Devon (CB) (Maiden Speech):** It is a sobering honour to follow the noble Viscount, who is such an eminent expert in the field of environmental science.

A predecessor of mine named Ordwulf, the Saxon Ealdorman of Devon, ordered bread, cream and jam for workers rebuilding Tavistock Abbey after the Viking raids of 997 AD. Earls of Devon have been purveying the Devon cream tea—cream first, I say to the noble Lord, Lord Teverson—ever since. It would be sad if our current European entanglements were to endanger that ancient farming food legacy, as it appears they might if the current EU-wide tariffs on clotted cream are abandoned. I am grateful for the work of the noble Lord, Lord Teverson, and the committee, as well as for its report, which forensically dissects the risks to our crucial farming and food industries in these uncertain times.

I am glad to offer a maiden speech on a topic close to my heart. As convention requires, I will introduce myself without controversy, although that may be challenging given that I am an old Etonian hereditary Peer and the youngest of four siblings. In my defence, I chose none of those characteristics. I did, however, choose to take this seat. I shall explain why and what I offer to this House.

Here, I suffer from a split personality as I am one of the youngest and yet one of the oldest Members of your Lordships' House. As a youngster, I am father to Joscelyn and Jack, who have skipped school to be here today. I am husband to AJ, who has exchanged successful, sun-drenched California for damper Devon and the charms and challenges of a 700 year-old family-owned heritage and social enterprise centred on Powderham Castle. Those who have ridden the Great Western Railway beyond Exeter will have passed Powderham, and may have glimpsed its estuary-side marsh and farmland, which we have stewarded since the 1300s—an interest relevant to this debate. We principally farm venison and arable crops, while providing grazing for beef and sheep and foreshore for shellfish. We also host a food festival which celebrates Devon's farming and food heritage.

Professionally, I am another lawyer, but I offer some distinguishing characteristics. I was called to the Chancery Bar before a chance meeting in another bar—in Las Vegas—caused my relocation to the US. I became a California litigator, specialising in technology and intellectual property disputes. I continued to work on IP and technology matters, and now practise in Exeter and London. As a youngster, therefore, I offer the House the services of a relatively tech-savvy father

of a school-age American immigrant family and a dual-qualified lawyer who passionately runs a local heritage SME in his spare time.

Turning to my alter ego, I am the Earl of Devon. In that capacity, I am one of the older Members of your Lordships' House, vying with Arundel, Shrewsbury and others for pre-eminence from the mists of medieval history. By repute, Empress Matilda first bestowed the earldom on Baldwin, who held Exeter Castle against the usurping King Stephen in one of England's earliest European entanglements. Baldwin's descendent, Hugh de Courtenay, was summoned to Parliament by Edward I in 1283. Your Lordships may recall that Parliament sat in Shrewsbury, not Westminster, that year—a regional precedent perhaps to be considered again when the Palace is being restored. Hugh was confirmed to the earldom in 1335. Since then, we have served almost every monarch while championing and defending the interests of Devon. That is the historic reason for my being here: simple public service, trying to do a job that is older than this venerable institution and for which many have lost their lives.

Indeed, far from occupying a comfortable hereditary seat for the past 700 years, we have actively engaged in this nation's narrative. Some examples are pertinent to this debate. We fought at Crécy and Poitiers, becoming founding Knights of the Garter; our arms adorn St Stephen's Hall as a result. A Courtenay cleric was Richard II's Chancellor and Archbishop of Canterbury; his arms sit alongside the Throne in this House. His nephew was keeper of Henry V's purse; he both financed and died on the Agincourt campaign and is buried beside Henry V in Westminster Abbey—a surprising grave-mate for our most heroic medieval king. The Wars of the Roses saw successive attainders and beheadings, but we backed both sides and survived; another Courtenay cleric thus officiated at Henry Tudor's coronation. A Courtenay was Henry VIII's champion at the Field of the Cloth of Gold, before losing his head to the Reformation. We provided six ships to fight the Armada and hosted William of Orange to dinner on his first night on English soil, welcoming the Glorious Revolution. We served King George and Queen Victoria alongside the Iron Duke from these red Benches, feasting on a diet of Corn Laws. My grandfather was one of the last on the beaches at Dunkirk; he took a bullet through his helmet in north Africa before devoting his life to defending his home from the ravages of time and the taxman, welcoming visitors for a Devon cream tea from 1959. He never made a maiden speech but my father did; he was the final hereditary Peer to do so by right in 1999.

If I can offer one consistent theme from this somewhat self-indulgent and appallingly patriarchal history, it is this nation's ever-ambiguous relationship with mainland Europe. Here we are in yet another passionate Brexit debate but, as our family story shows, for a millennium this country has not settled its relationship with the continent, and I do not expect it ever will. We are blessed and cursed in equal measure by our geography. As an island nation, we simply cannot control the equivocal nature of our physical relationship with Europe. We will always question whether we are in or out. What we can control is how we live with that ambiguity. I fervently hope that we can cease the

hatred and invective and end the interminable years of political bickering over Europe, allowing us to focus on what truly matters and what can really improve people's lives. It is notable that while this mother of all Parliaments fiddles over Brexit, our country and our environment literally burn. We saw wildfires in north Yorkshire on the hottest Easter Monday ever recorded—Earth Day, ironically—and London has been ablaze with climate change protests.

Turning to the report, in response to the committee's conclusion that tariffs will increase food prices in a no-deal Brexit, the Government repeat the tired refrain that food prices are much more subject to exchange rates, and global commodity and fuel prices, than tariffs. While there may be technical merit in that point, reference to escalating global commodity prices begs the obvious question of why, with climate change gathering momentum, we are devoting almost all of this nation's political energy to an ancient and insoluble argument over Europe, rather than focusing efforts on a climate catastrophe the like of which we have not seen before.

To echo the noble Lord, Lord Teverson, on food prices, my old preschool teacher, Mrs Wooldridge, runs a local food bank in Newton Abbot. It is our charity of the year this year. It reports ever-increasing food insecurity. Can the Government explain to Mrs Wooldridge why lower-income families in the heart of Devon—such a farming and food Mecca—are struggling to feed themselves healthy and affordable food? What specific efforts will be made to avoid escalating food-bank dependency if we ever exit Europe?

On farming, I agree with the Minister that Brexit affords a rare opportunity to revitalise agriculture. We all know that agriculture sits at the heart of trade and our nation's place in the global economy; the Woolsack reminds us of that every day, stuffed as it is with our earliest tariffed export. I second the noble Lord, Lord Carrington. Can the Minister please let us know when we will see the Agriculture Bill and whether the Government will elevate the production of sustainable, local, affordable and healthy food to the top of the list of public goods that farmers are to deliver? Finally, on tariffs, please can the Minister explain the impact of a no-deal Brexit on the Devon cream tea, particularly the cream?

In conclusion, I thank all those who have enabled me to be here today: my family and the teams caring for Powderham and my practice; the remarkably able and patient staff of this House, including the doorkeepers and the security staff who risk their lives daily; and the many of your Lordships from all corners of this House who have been so welcoming and encouraging. I thank you all.

2.49 pm

**Lord Bilimoria (CB):** My Lords, it is a huge privilege to follow my noble friend Lord Devon, who made an outstanding maiden speech. It demonstrated why he will make an outstanding contribution to this House. In his hustings speech to join the House of Lords—there is big competition to get in as a hereditary Peer—he said:

"I inherited the earldom of Devon upon the death of my father, Hugh, in August 2015. He was a Cross-Bench Peer, who enjoyed the distinction of being the last hereditary to take his seat by right in 1999. I sat on the steps of the Throne as he made his

[LORD BILIMORIA]

maiden speech in the debate on the future of the hereditary peerage. I was never prouder of him. He spoke of his duty and of how our family has championed Devon in this House for centuries". That sense of duty came across in my noble friend's speech today, and I am sure his daughter—sitting on the steps of the Throne—will be equally proud of him as he was of his father.

My noble friend's story is tremendous. I am wearing my Cambridge University Hawks' Club tie in solidarity with him, a fellow Hawk, who played rugby for Cambridge; he was at St John's. He went on a rugby tour to Las Vegas in America, where there was a chance meeting with a talented and famous actress, AJ Langer. The current Countess of Devon acted in several episodes of the popular 1990s show "Baywatch". Today the two of them look after their family heritage, which my noble friend spoke so eloquently about. He will bring to bear his legal background as a barrister—he is dual-qualified, both here in the UK and in California in the United States—and the huge experience he has in IP, technology, arbitration and legislation, having won many famous cases. He has championed Devon, rural interests and the maritime economy. Yes, he is privileged to inherit an eight centuries-old castle, farm and land, but it is also a sustainable family SME. He will hope to be sensitive to the impact of legislation on small businesses. Most importantly, when he concluded his hustings speech, he said:

"As someone of no political affiliation, occupying a role created long before modern political parties, I will be determinedly independent".

That came across in his wonderful maiden speech just now, on which we all congratulate him.

On the topic we are talking about, the Environment, Food and Rural Affairs Committee in the House of Commons released a very good report last year, *Brexit: Trade in Food*, which said:

"The UK's food and farming industry generates over £110 billion a year and employs one in eight people in the UK. Trade is vital to the industry. The EU is the UK's single largest trading partner in agri-food products, accounting for 60% of exports and 70% of imports".

It said very clearly, a year ago:

"Brexit will inevitably introduce friction to trading routes".

It focused on the WTO option. It also highlighted the gross value added of the agri-food sector: agriculture and fishing was £11 billion; food and drink manufacturing, £31 billion; food and drink wholesaling, £12.6 billion; food and drink retailing, £30 billion; non-residential catering, £36 billion; and the total was £121 billion. It also listed employment in the agri-food sector: agriculture and fishing was 440,000 people; food and drink manufacturing, 420,000; food and drink wholesaling, 260,000; food and drink retailing, 1.1 million; non-residential catering, 1.8 million; total food sector, 3.6 million; and total agri-food sector, 4 million.

In 2017, exports of food, feed and drink were £22 billion, up 22%, yet we imported £46.2 billion-worth of food, feed and drink. The UK's five largest export markets are Ireland, France, America, Germany and the Netherlands. Some 60% of UK food exports go to the EU and 70% of imports come from the EU. Seven of the UK's top 10 export markets are EU member states, and Ireland is the UK's largest export market.

The UK imported more from Holland than from any other country—we have to note the Rotterdam effect—and the top nine countries from which the UK imported food, feed and drink in 2016 were EU members. The EU is absolutely crucial to this industry.

I congratulate the noble Lord, Lord Teverson, and his committee on its excellent report, *Brexit: Food Prices and Availability*, which was published a year ago. It makes many points that I will not repeat, but the most important is to put this in the context of our overall trade with the EU. Roughly 50% of our trade is with the EU: 44 to 45% of our exports and 55% of our imports. The report also makes the point that, on top of that, about 17% of our trade is through free trade agreements the EU has with other countries around the world—it categorically states that. Actually, therefore, two-thirds of our trade is through and with the European Union. The report then says that if no deal happens,

"Brexit is likely to result in an average tariff on food imports of 22%".

It says that very clearly, then goes into great detail about the dangers and problems of rolling over the existing free trade agreements that the EU has with over 50 countries around the world. What is the reality? Maybe the Minister can confirm this. To my knowledge, agreements with only about six countries—including the Faroe Islands—are ready to roll over at the moment. It then talks about food standards and says:

"We heard no evidence that non-EU imports could increase significantly; 20% of the UK's food already comes from outside the EU and there do not seem to be many other likely sources of supply".

In a paper earlier this year, *Food Politics and Policies in Post-Brexit Britain*, Chatham House said:

"For almost half a century, the UK's food system—comprising the totality of food production, transport, manufacturing, retailing and consumption—has been intrinsically and intricately linked to its membership of the European Community and, subsequently, the EU. Arguably, for no other sectors are the challenges and opportunities of Brexit as extensive as they are for UK food and agriculture. Reforming the UK's food system won't be easy".

Import substitution will not be a practical reality. It went on:

"Currently, the UK operates on a 'just in time' food system, maintaining five to 10 days' worth of groceries in the country (often less in the case of fresh produce). Once the UK is outside the EU, its food industry will need to factor in time for longer inspections of food imports at its borders, and build the necessary infrastructure to conduct these checks".

Chatham House further said:

"The complexities of reforming post-Brexit food and agriculture sectors run deeper than economic and institutional entanglement. Price, safety, nutritional content and provenance of food are all deeply emotive among populations".

The Institute for Fiscal Studies says:

"There is a great deal of uncertainty over what the nature of the UK's post-Brexit trading arrangements will be. Decisions over post-Brexit membership of the single market and participation in the customs union will have profound effects on the price and import mix of the foods on UK supermarket shelves. It is also unclear whether sterling will depreciate further ... as Brexit proceeds. These uncertainties over tariffs and the exchange rate mean that UK households are potentially going to be affected by considerable and unpredictable changes in food prices, with the poorest households"—

this is a point the noble Lord, Lord Teverson, made—"much more exposed to this risk than the richest households".

The *New York Times*, in an excellent article earlier this month, asked:

“What would a no-deal Brexit look like? ... Ports could be jammed ... Food shortages could erupt ... Manufacturing could halt ... Medicine shortages could loom ... British and EU citizens will be in limbo”.

This is not project fear any more. Three years ago you could arguably say that project fear was involved. Today this is more and more project reality.

The British Retail Consortium has said that food prices have reached their highest rate of inflation in almost six years. Its chief executive, Helen Dickinson, said:

“The bigger threat to food inflation remains the risks of a chaotic no-deal Brexit, which would lead to higher prices and less choice on the shelves”.

My own business supplies thousands of Indian and curry restaurants. An owner in Wales, Ana Miah, the managing director of the Juboraj group of restaurants in Cardiff, said that the value of the pound had increased the cost of food products from abroad and that he was concerned about the impact of no deal on the economy generally. It is affecting every part of the industry.

The impact on food banks has been mentioned in this debate. In Scotland the use of food banks hit a record high in 2018, soaring by 17% over the previous year, according to a report by the Trussell Trust. It said:

“Our benefits system is supposed to anchor any one of us from being swept into poverty but it’s not working for everybody that needs it. The government has a responsibility to prevent people from facing hunger. There must be additional protection and support in place to ensure people are not swept into poverty as Brexit unfolds”.

The chair of the Food and Drink Federation said that he is “absolutely terrified” of the possibility of a no-deal Brexit. Ian Wright warned of massive disruption in the industry. I could go on. It is not just one institution, authority or expert; it is one after the other.

To top it all, we had the leaked letter that the *Daily Mail* discovered, written by no less than Sir Mark Sedwill—the UK’s top civil servant—which warned of a 10% food price hike. Leaving the EU without any sort of trade deal and relying on WTO rules would also see a 10% spike in food prices, he said. This is from every quarter.

Parliament has categorically said that we will not tolerate a no-deal Brexit. Will the Minister confirm that a no-deal Brexit is not an option? As the 31 October deadline looms, we will not have no deal because we do not want no deal and will not agree to no deal. What will we do?

Jacob Rees-Mogg, basking in his fame, sent out a tweet saying:

“Cheaper food, clothing and footwear are all potential Brexit benefits”.

But what do the farmers say to that? One tweeted back:

“Disagree. I don’t think you can find substantially cheaper food (if you can, at what cost?) And then no-deal means you put barriers up to trade (non-tariff ) which means added cost to the food we import. That pushes up prices in my view. And that’s before you think currency”.

Another farmer, who milks 180 head of cattle on a dairy farm in South Wales, said:

“What about us? Do we suddenly not matter? Myself & my cows produce you #milk. We deal with over 100 local businesses. We maintain our beautiful landscape. And we tell our food & farming story in schools & events”.

This report shows categorically once again that we have a deal that Parliament has not agreed to. We have a backstop that will be essential. Northern Ireland is absolutely crucial. The whole Irish question was hardly talked about in the referendum and is now a major issue. The Irish border is the Achilles heel of Brexit.

We will come to 31 October, but before that we have council elections and EU elections; we have the Brexit Party and Change UK; and we may have a Conservative Party leadership election and a possible general election. I came back from India last week, where everyone said—whether government, business or citizen—“What is this great country of yours doing? Why don’t you sort yourselves out?”. We can sort ourselves out very simply by putting it back to the people and having another referendum with today’s electorate, which will vote by over 60% to remain in the European Union. That is the best option for all, including for farmers and food.

3.02 pm

**Lord Palmer (CB):** My Lords, I too welcome that, at long, long last, this report is being debated. It really is a scandal that, after all the hard work put in by members of the committee, they have had to wait nearly a year to have their report debated, especially as food prices change daily if not hourly. I add my congratulations to my noble friend on a really superb maiden speech. I remember well his father’s maiden speech and know how proud he would have been today.

I have done several stints on what was Sub-Committee D and several under three very distinguished chairmen, although two are now on leave of absence. I well remember being chastised one Wednesday morning for missing a meeting. I got on to a train to visit my very ill mother and was taken aback by all the racegoers on my train. I am sure that the chairman thought I was skiving to go racing at Royal Ascot, which I was not. I never missed a Wednesday meeting again.

We went to Brussels several times—and Aberdeen and invaded the fish market—but my best memory of all was, after a very early start, we had the best breakfast I have ever had in the Fishmongers’ Hall having been to Billingsgate Market. We even had the chance to address the European Parliament—each of us for just 90 seconds. It was there that I met my childhood hero, Lord Plumb, who, had he not retired from the House, would have made a powerful contribution to this afternoon’s debate.

Forty years ago, 47% of the weekly wage went on food; today, it is in single figures. In other words, food is very cheap today. I have been involved in the food industry all my walking life and one of my earliest memories is helping my father to herd his pigs just after I learned to walk. I even have a photograph to prove it. We live in crazy times when water is more expensive than milk.

[LORD PALMER]

When I returned from working for my father in Belgium, I started working for my mother trying to run a small farm in one of the most beautiful parts of the Scottish Borders with fabulous views to the Cheviot hills in England. I took on 17 employees and was latterly farming a bigger acreage with just three men, all of whom were born and brought up at home and of whom I am immensely proud. I remember 25 years ago during lunchtime at harvest time, the telephone was seldom silent and being offered £165 a tonne for low-nitrogen malting barley. Oh to be offered that today, especially when one takes into account the huge increase in staff wages and in all inputs, not least of all the price of fuel.

I am fortunate to have known the Minister long before he was ennobled, and it is encouraging to know that he has at heart our countryside, which we farmers do our very best to look after for the public's enjoyment, and long may we be able to try to do so.

3.06 pm

**Lord Rooker (Lab):** My Lords, this has been an incredibly interesting debate. I had better declare an interest first in being a member of the EU sub-committee. The only relevant interest that I have to declare is that I recently chaired an egg summit for the country's largest retailer. This is only a guest appearance: my noble friend Lady Jones of Whitchurch cannot be present this afternoon and I said that I would be happy to fill in. There is no way that I intend to wind up, although the noble Earl, who is not now in his place—I do not complain about that—made a remarkable maiden speech. At one point, when he was giving us an incredible practical history lesson, I wrote, “Nothing has changed”. That is the way it seemed to me. But he raised an issue that I will come to in a moment in some detail and for that I am grateful.

On the complaints, the Minister should be able to answer the question about the Agriculture Bill delay. There is no good reason for it. There is also the Fisheries Bill. Everyone is mystified by the inability of his department to progress this matter in the other place.

I want to raise three issues. On the issue of tariffs, which is not unimportant, in relation to Northern Ireland and Ireland, the Government announced on 13 March that 87% of goods were tariff-free and then said that they would not apply tariffs to Northern Ireland for goods coming from the Republic. But there was no explanation about how goods would be treated that came into Northern Ireland and to Great Britain that originated in the Republic of Ireland. This is not a clear-cut matter. It is not black and white. The milk in Bailey's Irish Cream crosses the border four times during production, so this is a constant flow. It is an integrated system on the island of Ireland. How would goods going from Northern Ireland to Ireland be treated? Would they have to be covered by EU tariffs—yes or no? There is a massive lack of clarity on some basic issues relating to Ireland and Northern Ireland in respect of contact with Great Britain.

I do not think that Defra has had much of a grip on this. I realise that it is a small player. I am not complaining about the department. It is a small part of government

and usually gets forgotten until the end of negotiations. People start to think about fishing almost last, and before the very last comes agriculture. All the great issues of state are dealt with and carved up, and the department gets short shrift at the end. But some clarity now about the situation between the north of Ireland and the Republic regarding the Government's announcement about what they plan to do about tariffs would not be amiss.

I have two other issues to raise with the Minister. Both drop from the report, without going over the history of the fact that we have had to wait a year for it to be debated. The first concerns food prices. It has been raised by more than one noble Lord. There are arguments about what the effect would be on food prices and, like the report, I am not for one minute saying that the increase in tariffs would go straight through to the checkout. It would not. The 22% increase in the average tariff on food would not be anywhere like that. Indeed, senior members inside the Government have said it could be 10% on some products. Others have suggested that World Trade Organization trading would increase consumer prices for food by about 4%. In paragraph 9 of the Government's response to this report the Minister is quoted. I have forgotten who it was; I think it was George Eustice, but I think the Secretary of State said the same thing:

“The Minister set out in his appearance at the committee”,  
that World Trade Organization trading,

“is an extreme scenario ... it shows that food prices might go up by about 4%. It is pretty marginal”.

That is the Minister's attitude. Is it marginal for the poor, those on the lowest incomes?

Defra is a good publication ministry and it is always worth looking at *Food Statistics in Your Pocket: Prices and Expenditure*. The latest edition I have is dated 26 February this year. Under table 2.1 it states:

“A rise in food prices is more difficult for low income households to cope with because those on low incomes spend a greater proportion of their income on food—a rise in food prices has a disproportionately large impact on money available to spend elsewhere”.

Table 2.2 is very interesting. It shows that, on average, in 2017 households spent 10.6% of income on food. Households in the lowest 20% of equalised income spent 50% more. They spent 15.2% of income on food in 2017, so the relative affordability of food is definitely not good for the poorest. The table clearly shows that gap.

Table 2.3 shows that income after housing costs fell by 10.7% between 2002-03 and 2016-17 for low-income households. The same table shows that over the same period food prices increased 4.3% in real terms, so for households with the lowest 20% of incomes, incomes fell by 10% over the same period as food prices went up by 4%. We already know that such households spent 50% more of their total income on food than the average, and the Minister says 4% is pretty marginal. That is a really “do not care” attitude as far as the poor are concerned.

I was going to use the Trussell Trust's information for last year—2017-18—when it distributed 1,332,952 three-day emergency food supplies, which was a 13% increase on 2016. Today it has produced figures showing that

last year it distributed 1.6 million food packs, a 19% increase on the previous year, so food prices are crucial for the low paid. As someone said, it probably does not bother many people in this House, but no one in government appears to care. Benefits are being cut, and universal credit is an absolute disaster, as I know from my work on the Secondary Legislation Scrutiny Committee, and nothing seems to be being done there. There is a major crisis here. Teachers are spending their salaries on buying food for children. The graphs are all going the wrong way. The income of the lowest paid is going down and food prices are going up. It does not matter whether it is 4% or 10%, I do not call it pretty marginal for that section of society. It would be really nice if the Minister, for whom I have tremendous respect, showed he cared about it. Of course, whether he can do anything about it is a different kettle of fish.

My second and final point involves the Minister. At one time, I kept a list of all the comments he had made about food standards and Brexit. He has hung himself out at the Dispatch Box on probably a dozen occasions in the past couple of years. I draw his attention to the Government's response to this report. Paragraph 48 states:

"Any new products wishing to enter the UK market must comply with our rigorous legislation and standards—we will not compromise on animal welfare and food safety".

The second sentence of paragraph 50 states:

"We have no reason to believe that other third countries"—"other" because we will be a third country when we are out—

"cannot meet our high standards, and this will be a condition for any market access granted as part of future trade agreements".

Incidents happen at Question Time. A very convoluted exchange at Oral Questions in this House on 19 March started with a Question from the noble Baroness, Lady McIntosh of Pickering. The Minister was questioned by my noble friend Lord Cunningham and one or two others in relation to tariffs that the Government have produced in relation to eggs. Because of the convoluted nature of the exchange and what looked like a contradiction, I tabled a Written Question to the Government, and the Minister answered it. I asked about the apparent contradiction in the announcement of farming tariffs and the operation of Council Regulation 5/2001 from December 2000 relating to marketing standards for eggs. When I came back to the House on Tuesday, I saw the Answer from the Minister on my desk. I have not tracked it down in the printed *Hansard*, but I have here the one with his signature on it, so it will do. It is House of Lords Question 14741. The Minister answered:

"The Government remains committed to high standards of animal welfare and food safety. In the event of no deal, existing UK import standards will still apply and the level of tariff applied does not change what can and cannot be imported. Furthermore, existing EU egg marketing standards will be retained in UK law once we leave the EU. Where the UK cannot sufficiently guarantee that imported eggs are equivalent to these Regulations, the eggs must be clearly labelled as not meeting the UK standard. This will provide the necessary clarity to enable consumers to make informed purchasing choices".

Frankly, I think the Minister should start to regret ever signing that Answer because he has actually admitted that following Brexit the Government are prepared to

allow food products into this country that do not meet our standards, and that they would be put on sale with a notice saying that they did not meet our standards. One thing is a cast-iron cert: they will be cheaper than home-produced products and people will buy on price. That is the point of the supermarket. When you are in the lowest 20%, you will buy on price. I do not understand how the Minister could have signed that Answer, which contradicts every statement he has ever made about us not allowing food into this country that does not meet our standards. What he has effectively said is that such food does not meet our standards or our regulations, but we will allow it in and we will label it saying it does not meet UK standards. I do not deny that it would not be on sale if it was not safe. I am not arguing the safety argument; I am arguing the standards argument because it contradicts everything he has ever said. How can a government Minister at this stage in Brexit, with all the debates that we have had, knowingly sign off an Answer like that? It is bad enough that he was presented with the Answer in the first place, but he signed it off when he must know that it contradicts every speech he has ever made here about maintaining our standards. I look forward to his response when he has further advice.

3.19 pm

**The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con):** My Lords, I always think that it is very important to have further advice when something is technical. However, I open by declaring my farming interests as set out in the register.

I am of course most grateful to the noble Lord, Lord Teverson, and all the committee members for this Select Committee report on food prices and availability post EU exit. I do not think that the delay to this debate has diminished the quality of our considerations or the subject matter of the report, in that it has provided a long fuse and has helped the department.

I am particularly delighted that the noble Earl, Lord Devon, has chosen this debate to make his wide-ranging, powerful and historic maiden speech. I join your Lordships in very much looking forward to further contributions from him, when his experiences of rural Devon and beyond will be of much interest and value. I do not propose to engage in a discussion about Cornish and Devon cream interests, but I noted that exchange.

At the time of publication, the Government welcomed the report and the issues it raised, such as tariffs and animal welfare. A number of them have helped shape, and continue to help shape, the work of my department.

The report's first recommendations refer to the need to negotiate new free trade agreements that allow the continuation of tariff-free imports of food from the EU and to roll over existing agreements. I say to the noble Lord, Lord Bilimoria, that we agree: the Government want us to leave the EU with a deal. Clearly, as most of your Lordships have understood, we have, as all individual departments have prudently done, prepared for any outcome, and that has involved considerable work with business and stakeholders. That is why the Government announced on 13 March

[LORD GARDINER OF KIMBLE]

a temporary tariff regime that would apply if the UK were to leave the EU without a deal—a point referred to by the noble Viscount, Lord Hanworth.

In developing that temporary—I emphasise, temporary—tariff regime, we were deeply mindful of the risk of increases to consumer food prices that the committee highlighted in its report. The noble Lord, Lord Rooker, and other noble Lords are absolutely right: food prices are of critical importance to us all but they have a dramatic impact on the most vulnerable in our country. The Government brought forward this regime for a no-deal scenario with the aim of mitigating any price increases that consumers might face from tariffs by setting tariffs to zero on 87% of total current imports by value. I say to the noble Lord, Lord Teverson, that that point, highlighted in the report, was immensely valuable. The report was published some time ago but this temporary tariff regime was designed, and will continue to be designed, to ensure that we look to the interests of the consumer.

A number of historically protected agricultural sectors—beef, sheepmeat, chicken and other poultry, pigmeat, milled rice, butter and some cheese products—would have their tariffs maintained under this temporary tariff regime. I say to the noble Earl, Lord Devon, that we have sought to find the right balance on the question of clotted cream, liberalising tariffs to maintain current supply chains and avoiding an increase in consumer prices. Cornish clotted cream will, however, continue to receive the protection of a geographical indication in the event of no deal, although I say in particular to the noble Lord, Lord Bilimoria, that we are all working for a deal.

I say to the noble Viscount, Lord Hanworth, that we have sought a policy that strikes the right balance. He referred to farming interests. As I said, we have sought the right balance between exposing sectors to an unreasonable level of disruption and liberalising tariffs to maintain the supply chains and avoid consumer price increases.

The question of Northern Ireland was raised and there are a number of considerations here. Diverting goods through Ireland solely to avoid tariffs would of course be unlawful. Although the vast majority of taxpayers are compliant, we recognise that there remains a minority who may well seek to breach the rules. HMRC remains committed to promoting compliance and tackling avoidance, and it will take steps to ensure that, should there be a temporary arrangement, this is not abused.

Regarding the questions raised by the noble Lord, Lord Rooker, I will look at *Hansard* because, given the time, I need to give a more detailed reply. However, in terms of Northern Ireland goods going to the Republic of Ireland, the UK Government would be able to take unilateral measures, although we could guarantee only those steps under the control of the UK Government. Although we do not wish this to happen, if at any point we are in a no-deal situation, we are committed to entering into urgent discussions with the European Commission and the Irish Government to agree jointly long-term measures to avoid the hard border—something that we must surely seek to do.

On the continuity of existing trade agreements, the committee also expressed concern about the potential impacts that failing to roll over EU free trade agreements could have on the price and availability of food in the UK. In the event of the UK leaving the EU with a deal, the EU has agreed to notify partners with which it has a free trade agreement that the UK should continue to be treated as though it were still a member state during the implementation period. Similarly, during the implementation period the UK would continue to apply the EU's common external tariff, including the preferential tariffs and quotas applied to imports from the EU's FTA partners. This would mean that imports of food from these countries would be able to continue on current terms.

I say to the noble Lord, Lord Bilimoria, that we have signed agreements with countries accounting for more than half of the UK's total trade with EU FTA partners, and we continue to progress remaining outstanding agreements. Discussions with many other countries are at an advanced stage and we are still working to secure as many continuity FTAs as possible. We will of course inform Parliament and businesses as soon as we conclude agreements with partner countries. As the UK will charge no tariffs on imports of many goods, even where no free trade agreement is in place, the impact on UK food prices of not rolling over agreements will be smaller than it otherwise might be.

The noble Lord, Lord Teverson, asked about the WTO and the splitting of TRQs. WTO members which disagreed with the way that the TRQs had been split have had an opportunity to lodge their objections. There will now follow a formal process of negotiation with those countries.

On non-tariff barriers, the report covers the need for the frictionless import of food to continue. Defra is, and remains, actively engaged with the cross-government Border Delivery Group on the different activities. These include, for example, ensuring flows across the border of passengers and their pets, food, live animals, fish, animal products and endangered species, as well as the movement of parcels and freight. Working with the Border Delivery Group, our objectives for the border reflect the Government's objectives in all scenarios—an efficient border facilitating food supply that protects the nation from biosecurity risks and enables our food and farming industry to flourish through trade internationally.

Upon the UK's exit from the EU, for animal, animal product and high-risk food and feed imports no new border checks will be introduced except for certain goods that come from third countries and travel through the EU before they arrive in the UK. This is a continuation of the pre-EU exit arrangements, which we know manage disease risk effectively. I am glad that the noble Lord, Lord Teverson, raised biosecurity. As the Minister with responsibility for biosecurity, I would certainly not accept any diminution in our biosecurity standards.

To minimise disruption for users, allow the continued movement of goods and help maintain our biosecurity and food safety, Defra has developed a new system for imports: the import of products, animals, food and feed system—IPAFFS. This system is ready to be

launched as required. In order to facilitate the continuous flow of trade at all UK ports, we have been working to ensure that the border is sufficiently resourced in any scenario. Defra officials have visited and maintained contact with all the major ports and airports. We have carried out detailed discussions with these ports and other stakeholders to ensure that they are prepared. Our preparations mean that we are confident that processes for dealing with imports of food will not impede the flow of goods through UK points of entry after exit.

The noble Lords, Lord Teverson and Lord Carrington, asked about the national food strategy. The Government are committed to publishing a national food strategy once we leave the EU. This work is still in a scoping stage and I cannot prejudge its focus, but we expect it to cover the entire food system from farm to fork.

The noble Lords, Lord Rooker and Lord Carrington, and the noble Earl, Lord Devon, asked about the Agriculture Bill. I am looking forward to debating the intricacies of that Bill with your Lordships. I hope that we will bring the Bill to your Lordships' House as soon as possible. We certainly want this legislation. It will help our farming, horticultural and forestry sectors become more profitable, and help sustain our precious natural environment.

I was pleased that the noble Lord, Lord Teverson, raised the issue of self-sufficiency in today's debate as well as in the report. This country is certainly capable of producing more of its own food. Indeed, the noble Lord, Lord Carrington, raised this. Our country has a high level of food security built on a diverse range of sources including strong domestic production, where we are entirely self-sufficient in oats, barley, milk, sheep and lamb. I say to the noble Viscount, Lord Hanworth, that I cannot see any scenario in which we would seek no imports from any other country. We realise that we are not in a position to grow and rear certain products in this country which we know that British consumers want to continue to enjoy. The noble Earl, Lord Devon, also raised the issue of our domestic produce. I say categorically that we have the best agricultural and horticultural products in the world. We want to encourage our domestic producers to continue to produce high-quality homegrown food.

The noble Lord, Lord Carrington, raised another important point, about how we use science and put the latest scientific discoveries into practice. Historically, this country has been renowned for some of its agricultural innovation; that is why I am pleased that the Government committed £160 million to the five-year agri-tech strategy in 2013. We will also continue to support British food and agricultural innovation through the £90 million Transforming Food Production initiative. It is also important that we have committed to maintain the level of farm support until the end of this Parliament.

On the issue raised by the noble Lord, Lord Carrington, about the Agriculture Bill and productivity—self-sufficiency in particular—the Agriculture Bill contains specific provisions targeted at supporting farmers and growers to improve their productivity by helping them access new equipment and technology. Farmers will be able to benefit from the latest agricultural practices and techniques to aid in the production of food.

There is also the issue of food as a public good. Public goods are defined in economics as having specific characteristics in terms of the operation of the market. Food does not have these characteristics and is not a public good; it is a market good. It is bought and sold by producers and consumers, and consumers are able to make choices about the food they buy. As Defra Ministers have previously stated, we are giving serious thought to how we might address concern around food production and security when the Agriculture Bill progresses.

The noble Lord, Lord Teverson, raised the issue of sufficient labour. Defra has put in place a number of processes to ensure that seasonal employment numbers are not adversely affected. For example, up to 2,500 non-EEA workers will be able to come to the UK this year and next for seasonal employment in the edible horticultural sector under a new pilot scheme.

The noble Lords, Lord Rooker and Lord Teverson, and the noble Earl, Lord Devon, raised the subject of food prices. The truth is that prices are affected by weather, transport logistics, exchange rates and fuel prices. While of course the Government do not control these factors—indeed, noble Lords may recall, for instance, that just last week the press reported on the impact of last year's weather on food prices—we work closely with industry to provide transparency for consumers. As I have already detailed, the Government are doing what they can to reduce non-tariff barriers, support our farmers and transition trade deals to control prices.

I am conscious of time, but I turn to the question of standards. I will reiterate to the noble Lord, Lord Rooker, what I have said, although I might want to offer a more detailed reply on eggs—in fact, I have one here. Almost all our domestic egg production is from domestic egg producers. We think they are well placed to continue to meet that production. Existing EU egg marketing standards will be retained in UK law once we leave the EU. Where the UK cannot sufficiently guarantee that imported eggs in shell for consumption are equivalent to these regulations, these eggs must be clearly labelled as not meeting the UK standard. This will provide the necessary clarity to enable consumers to make informed purchasing choices. EU egg marketing standards relate to methods of production such as free range or barn; they do not relate to hygiene standards.

I will look at what I have said in my Answer because I want to place on record that I do not make the point about standards lightly. It is precisely, and I am happy to say—

**Lord Rooker:** I would like to give the Minister an opportunity. It would be quite acceptable to me and, I am sure, the rest of the House if he withdrew that Answer and gave a more considered one. One way or another, that Answer makes it quite clear that unregulated food products that do not meet our regulations—once the doors open others will try it—will come into this country. That is something that we have said we will not put up with.

**Lord Gardiner of Kimble:** I am certainly prepared to engage in close scrutiny with officials to ensure that the words in my reply to the noble Lord are as I would require: that we are clear that we will not have trade

[LORD GARDINER OF KIMBLE]

arrangements with countries that would be contrary to our own requirements and standards. As I have said, all the EU legislation, through the work your Lordships did in the withdrawal Bill, will be coming on to our statute book when we leave. I am most grateful for the noble Lord's generosity in taking me to task, perhaps, but giving me the opportunity of a reprieve.

I want to emphasise welfare and environmental standards, while allowing for the shortness of time. A number of noble Lords have mentioned climate change. It is absolutely clear that we need to multi-task. We are a country that has been recognised—I had at one time the climate change adaptation brief—as one of the most successful in terms of reduction of carbon among the G7, as a sophisticated economy. We have a very strong record on that. We need to build on it. I fully recognise that we need to ensure that we tackle these areas as well as the weighty matters of the Fisheries Bill, the Agriculture Bill and the forthcoming environment Bill. The environment Bill is clearly part of what we need to do, not only for the UK and our overseas territories but in terms of the contribution we make globally.

The noble Lords, Lord Palmer and Lord Rooker, raised the point that the average UK household spends 10.6% of its income on food. Again, I want to place on record that food banks are inspirational and deserve all the recognition they receive. That response from civil society and, often, from faith groups to support vulnerable people is one of the extraordinary elements of this country, where we do so much volunteering. With £95 billion a year being spent on welfare benefits, we have to get this right; that is a lot of money. We need to make sure that it gets to the right people, and fast. Wherever possible, we need to continue the work

of the food banks. I find those figures impressive in one sense, but immensely worrying and depressing in another.

We have had a fascinating debate. I have gone over my time, but surely the subject matter was worthy of that. This is not a timed debate, so all I have to do is apologise to my excellent Whip. I am most grateful to the noble Lord, Lord Teverson, particularly for his patience and that of the committee, in that we are having what has been a very interesting debate—including an outstanding maiden speech—at a time when there is a lot more work to do. This report raises subjects that will be of continuing relevance and importance.

3.41 pm

**Lord Teverson:** My Lords, I also congratulate the noble Earl, Lord Devon, on his speech. I give him one bit of advice: when you sum up the last debate on a Thursday in this House, you should be very brief—and I will be.

I thank all noble Lords for their varied contributions. I am now tempted to get into a debate about climate change, but we will not do that. I am pleased—I have every faith in what the Minister says about this—that the Government have now perhaps changed their message from the rather casual view on food prices and biosecurity demonstrated to the committee and mentioned by the noble Lord, Lord Rooker. That has also happened on the Labour side, with all the various difficulties there. I hope those will change.

I am a proud resident of Cornwall. I represented it in the European Parliament, together with Plymouth. However, my maternal family is from Devon. When I have a cream tea in my home near Tregony in the centre of Cornwall, I usually put the cream on the bottom and the jam on the top, but could the House keep that within these four walls?

*Motion agreed.*

*House adjourned at 3.42 pm.*



**Volume 797**  
**No. 291**

**Thursday**  
**25 April 2019**

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**Thursday 25 April 2019**

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