

Vol. 822
No. 4



Monday
16 May 2022

PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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The following abbreviations are used to show a Member's party affiliation:

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

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House of Lords

Monday 16 May 2022

2.30 pm

Prayers—read by the Lord Bishop of London.

Death of a Member: Baroness Afshar

2.36 pm

The Lord Speaker (Lord McFall of Alcluith): My Lords, I regret to inform the House of the death of Baroness Afshar on 12 May. On behalf of the House, I extend our condolences to the noble Baroness's family and friends.

Protocol on Ireland/Northern Ireland

Question

2.36 pm

Asked by Baroness Ritchie of Downpatrick

To ask Her Majesty's Government, following the result of the Northern Ireland Assembly elections on 5 May, when they will resume negotiations with the European Commission on the Protocol on Ireland/Northern Ireland.

The Parliamentary Under-Secretary of State, Northern Ireland Office (Lord Caine) (Con): My Lords, the Government have been engaged in negotiations with the European Union in good faith since last summer. We are asking the Commission to go back to member states for a new mandate, but we cannot wait to fix the problems facing people in Northern Ireland resulting from the protocol. We hope that the EU's position changes. If it does not, then it will be necessary to act.

Baroness Ritchie of Downpatrick (Lab): My Lords, political stability and peace can only be protected through partnership and pragmatism in Northern Ireland. There has been mounting speculation about the Government's proposed intentions to override parts of the Northern Ireland protocol against the express wishes of the majority of MLAs who were recently elected to the Assembly. Therefore, in this regard, can the Minister indicate whether this is correct and, if so, what format that will take? Also, will the Foreign Secretary and her team continue with negotiations with the EU on the outstanding technical issues on SPS and the customs code, to which there are solutions? I believe that is what is required to underpin political stability in Northern Ireland.

Lord Caine (Con): My Lords, I am grateful to the noble Baroness, who asked me quite a number of questions there. She will know that, like her, I was a very strong supporter of the Belfast/Good Friday agreement, as are the Government. The problem that we face today is that, ironically, the protocol, an instrument that was designed to uphold the agreement, is undermining the

agreement and threatening political stability in Northern Ireland: witness that we have had no First or Deputy First Minister since February and no immediate prospect of having them unless something changes. It is therefore the Government's position that we will at some point have to make a realistic assessment of what intervention is necessary as to the precise nature of that intervention. The noble Baroness will be aware that I cannot go into any more detail today, but I do not think that she will have to wait very long.

Lord Lexden (Con): My Lords, is it not the Government's overriding duty to protect and safeguard the union? At a time when Sinn Féin may be the largest party in the Assembly but has absolutely no mandate for constitutional change, will my noble friend ensure that the Government continue to stand four-square for our union?

Lord Caine (Con): I am very grateful to my noble friend, with whom I go back many years, including to my first job interview; I believe we discussed these matters even then. He makes a very important point about the result of the elections, which have also shown what the noble Baroness, Lady Ritchie, said, that while Sinn Féin is the largest single party in the Assembly, we should all remember that the largest designation in the Assembly remains unionist, followed by nationalist. Therefore, as my noble friend makes clear, there is no mandate for constitutional change as a result of the elections that took place on 5 May. Regarding the point about standing rock firm for the union, in a phrase associated with the later Sir John Biggs-Davison many years ago, he has my absolute guarantee that this Government remain committed to the union—something which the Prime Minister made very clear in his article in the *Belfast Telegraph* this morning.

Lord Murphy of Torfaen (Lab): My Lords, of course it is right that the Prime Minister is in Belfast today, but the Minister, who has enormous experience of Northern Ireland politics, knows that one-off meetings will not solve the problem; it requires proper, intense, round-table negotiations with the European Union, with the Irish Government and, above all, with all the political parties in Northern Ireland. Does he agree that the issue will not be solved by grandstanding, newspaper articles and megaphone diplomacy?

Lord Caine (Con): My Lords, I am grateful to the noble Lord, who was a very distinguished Northern Ireland Secretary and has great experience of these matters. He will be aware that my right honourable friend the Secretary of State for Northern Ireland has been in fairly constant dialogue with the representatives of the five main Northern Ireland parties in recent days, which is in addition to the Prime Minister's welcome visit today. The objective is to clear some of the hurdles that are preventing the formation of an Executive. He is right that we will maintain that dialogue and keep talking to try to achieve that objective, but we also need to be realistic: the key impediment to the immediate restoration of the institutions is the problems that have been created by the protocol, and they need fixing.

Baroness Suttie (LD): My Lords, does the Minister acknowledge that unilateral action would not carry the support of the majority in the Northern Ireland Assembly, as the noble Baroness, Lady Ritchie, has said, and could potentially do huge economic and diplomatic damage at this time?

Lord Caine (Con): I am grateful to the noble Baroness. In recent days, I have reflected on the number of people who, for decades, told us that we could never proceed in Northern Ireland on the basis of majority rule and majoritarianism, who are now the greatest champions of proceeding on that basis. It is clearly unsustainable to have a protocol in operation in Northern Ireland in its current form, which does not command the support of the largest designation of the Northern Ireland Assembly. That position is unsustainable and is what we are trying to fix.

Lord Dodds of Duncairn (DUP): Would my noble friend the Minister confirm that the Assembly operates entirely with the consent of the majority of unionists, which is still the biggest designation, and the majority of nationalists? Any changes to the institutional framework of the 1998 agreement, as amended, and the St Andrews agreement require the consent of the majority of unionism and the majority of nationalism. That has been the consistent approach since the 1990s.

Lord Caine (Con): As my noble friend rightly points out, the sufficient consensus rule has guided most political negotiations since the publication of the ground rules for political talks, published by the British and Irish Governments in June 1996. Clearly, the protocol in its current form does not command sufficient consensus. That is why the Government will be working extremely hard to build widespread community consensus that includes both unionists and nationalists, as we take things forward.

Lord Dubs (Lab): My Lords, our friends in Europe—if we have any left—are puzzled as to why an agreement that the Prime Minister lauded to the heavens is now not acceptable. Surely we cannot proceed by threats; we have to proceed by talking, talking and talking to make some modifications, if necessary.

Lord Caine (Con): If the noble Lord will forgive me, I will not get drawn into the history of this.

Noble Lords: Oh!

Lord Caine (Con): I am focused not on the past, but on the present and the future—not on how we got here, but on how we get out of here. I agree that there is clearly space for negotiations. We want to keep talking to the European Union, but we have been discussing these matters with it for some time, since last summer. At the moment, the clear and present threat to the Belfast agreement and to political stability in Northern Ireland—an agreement that the noble Lord and I support, have supported since 10 April 1998 and continue to support—is the continuing operation of the protocol in its current form. Therefore, as I have said and the Prime Minister made clear in Belfast today, the Government will do everything necessary to try to fix those problems for the good of Northern Ireland.

Lord Cormack (Con): My Lords, should we not remember very carefully that there has never been a time since the war when it was more important to try to march in step with our friends and allies in the European Union? Will the Minister reflect on the fact that the late, great Harold Macmillan had a wonderful quote on his desk from WS Gilbert:

“Quiet, calm deliberation disentangles every knot”?

Lord Caine (Con): In which spirit I am sure my noble friend will welcome the tone and content of the Prime Minister’s article in the *Belfast Telegraph* this morning. As I have said, we are of course continuing to talk to and work with the EU, but, whatever else is going on, we cannot allow the problems in Northern Ireland to continue to fester and the institutions continue to be in abeyance. He and I both support the Belfast agreement. Without the institutions or the Assembly, strand 2 does not work; without the Assembly, strand 3 does not work; and without the institutions, the Belfast agreement looks pretty thin. We need to quickly get into a situation whereby the institutions can be restored, and that requires dealing with the protocol.

Baroness Wheatcroft (CB): My Lords, the Minister says that he is not keen to discuss how we got where we are, but I believe a number of people in this House are very keen to understand how we got into this predicament. The noble Lord, Lord Frost, who negotiated the protocol, has made it clear that it was an imperfect protocol, and it was agreed because it was the only way to get Brexit done. It was always clear that there had to be a border between the UK and Northern Ireland if the protocol went ahead. Does the Minister agree that Parliament—this House—and the people were misled, and that is why we are in the mess we are in now?

Lord Caine (Con): I do not share the characterisation of the noble Baroness. Regarding a border, we have made it very clear in our discussions with the EU that we will carry out the necessary checks required for goods moving from Great Britain to Northern Ireland whose onward destination is the EU single market. Our issue is and always has been with goods going from Great Britain to Northern Ireland that will never leave the United Kingdom, which are currently subject to the same checks. We need to achieve a situation in which both the EU single market and the UK internal market are fully respected.

Sri Lanka

Question

2.47 pm

Asked by Lord Moylan

To ask Her Majesty’s Government what assessment they have made of the economic situation in Sri Lanka; and what steps they are planning to take to support that country.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, we are closely monitoring the concerning economic situation in Sri Lanka, including issues of food security and livelihoods. The International Monetary

Fund has assessed Sri Lanka's debt as unsustainable. We welcome the start of in-depth discussions with the IMF on a financial assistance package and reforms needed to put debt on a sustainable path. The World Bank, to which the United Kingdom is a major donor, is providing support to health services and low-income families.

Lord Moylan (Con): My Lords, Sri Lanka is an important Commonwealth country. Although I welcome the fact that the Government are monitoring the situation, I would have hoped something a little more vigorous and direct might become available at the moment. We are in danger of seeing our neglect of Sri Lanka over time leading it to drift off into the malign sphere of China. If the Government could be a little more helpful in terms of practical help at the moment, I also ask my noble friend whether we could do something in the longer term that would help: as friends of mine in Sri Lanka have requested, help them put in place the governance and parliamentary structures that would help to combat defalcation in the future and restore public confidence in the expenditure of public funds.

Lord Ahmad of Wimbledon (Con): My Lords, I assure my noble friend that we are working in very practical terms. Indeed, at the start of this year, as the Minister for South Asia, I visited Sri Lanka myself and engaged directly with the Government in Colombo, and also visited other parts of the country to ensure that all voices across Sri Lanka are fully heard and engaged with when it comes to the United Kingdom's approach. My noble friend is also correct that we are looking at practical support and working through agencies, particularly the World Bank and the IMF, to look at the immediate issues of the debt, which needs to be put on to a sustainable footing. We are also in very structured dialogue through the high commissioner directly, with whom I am engaging on a daily basis, to ensure that the political and the security situation are sustained, which allows peaceful protest but at the same time prevents violence, which has been seen during the protests since this emergency began.

Baroness Primarolo (Lab): My Lords, I thank the Minister for his answer on the work that is being done bilaterally with Sri Lanka, but he will be aware of the issues surrounding human rights in Sri Lanka. In his answer, he touched on allowing all voices to be heard, so can he detail to the House what work is being done bilaterally to protect human rights in Sri Lanka and to encourage the Sri Lankan Government to do likewise?

Lord Ahmad of Wimbledon (Con): My Lords, we are engaging directly with various political representatives within the Sri Lankan Parliament, including representatives of different parties and the Tamil community. We are also engaging on ensuring that communal relations are maintained. Attempts have been made by certain parties within Sri Lanka to exploit the current situation to target particular communities. We recognise that steps have been taken to ensure that the right to protest is allowed to continue. Notwithstanding the curfews that were imposed, protests have continued to take place peacefully over recent days. It is an inherent right for any Sri Lankan.

Lord Purvis of Tweed (LD): My Lords, I am glad that the Minister has recovered from Covid. Eight years ago, I helped facilitate preparatory discussions for the constitutional assembly in Sri Lanka. That delicate set of discussions has been ongoing since. At that point, when the assembly met, the Commonwealth deployed human rights lawyers for a sub-committee on human rights and fundamental rights. There is one month left in the UK's term as chair in office. Will the Government convene, through their offices in the Commonwealth, a similar dialogue to maintain those discussions on human rights and fundamental rights, which are so important and could be a casualty of the existing, very tense, situation?

Lord Ahmad of Wimbledon (Con): My Lords, it is not just through our chairing of the Commonwealth as chair in office but, as the noble Lord will be fully aware—indeed, I briefed him on this—we have led the way on human rights in the UN Human Rights Council to ensure that the focus remains on issues of justice and accountability in Sri Lanka. The historic legacy of the conflict is not forgotten. I assure the noble Lord that through the Commonwealth, bilaterally and through UN agencies we will continue to ensure that human rights are not just sustained but are protected during this turbulent time.

Lord Naseby (Con): Does my noble friend recognise that Sri Lanka was a founder member of the Commonwealth and stood by our country in relation to the Chagos Islands and the Falklands? First, does he agree that at this time Sri Lanka needs real, practical help rather than theoretical help? I declare that I was there just over five weeks ago. That practical help means medicines and possibly some help with energy. Secondly, should we not be promoting in the medium term the advantages of Port City Colombo, which is a major investment for our country, to renew our connections? Thirdly and finally, should we not recognise for the record that were it not for Mahinda Rajapaksa, there would have been a terrorist rogue state in the northern part of Sri Lanka and that at least he did that well?

Lord Ahmad of Wimbledon (Con): My Lords, like my noble friend I have recently visited Sri Lanka. As well as focusing—rightly, I believe—on the important issues of justice, reconciliation and accountability, I focused on practical steps to strengthen our bilateral relationship with Sri Lanka, including on issues of trade and the port that my noble friend mentioned. On immediate support in the crisis, I have said already that we are working through the World Bank and that the \$600 million includes assistance to provide economic and health support, including vital medicines and medical equipment. We are engaging directly with the new Prime Minister through our high commissioner to ensure that Sri Lanka's priorities are fully understood. We will give support as appropriate.

Lord Collins of Highbury (Lab): My Lords, the Minister is absolutely right that, whatever their ethnicity, race or religion, all the peoples of Sri Lanka deserve justice. I know that he has been committed to that process. I am also glad that he mentioned the UN

[LORD COLLINS OF HIGHBURY]

Human Rights Council, which last year mandated that the UN collect and analyse evidence of international crimes for future prosecutions. What are we doing with our allies to ensure that that process is completed?

Lord Ahmad of Wimbledon (Con): My Lords, in the context of the UNHRC we have continued to work with our friends and supporters to ensure the processes, and to work directly with the High Commissioner's office so that evidence can be collected and justice rightly served for those who for too long have not seen justice served. At this time, our focus in the current crisis is on the immediate needs of Sri Lanka, its people and its welfare. That is why, with the appointment of the new Prime Minister and a new Cabinet, we are working constructively to ensure that human rights—as I said earlier, the rights to protest and of media reporting on the current crisis—are sustained and maintained while, at the same time, working towards the vital reconciliation that is required, with Sri Lanka's historical legacy, to allow all communities to move forward together as one.

Viscount Waverley (CB): My Lords, this is becoming a desperate state of affairs, as we all agree. Is there a concern that Sri Lanka's plight, with all the shortages, could be an indicator, globally, of a stark new world order that will affect many emerging countries in a similar manner? The point has been made about China. Is it conceivable that a future Chinese military base could be stationed in Sri Lanka and therefore be at the centre of our Indo-Pacific priority?

Lord Ahmad of Wimbledon (Con): My Lords, the current crisis that Sri Lanka faces did not happen all of a sudden. It is important to look at steps such as the IMF's intervention. With hindsight, I am sure many voices in Sri Lanka are asking whether it should have been sooner or earlier—but we are where we are, and it is important now that, through the IMF and the World Bank, we look at ensuring, first things first, that this debt can be restructured in a way that allows Sri Lanka to move forward.

On the wider issue of China's reach in the Indo-Pacific, we need to work constructively with our key partners. That is why, when it comes to infrastructure development, as I said when I visited Sri Lanka, through our own initiatives with key partners we need to offer an alternative method that allows a country not to be indebted but to service its debt and, at the same time, to move forward constructively.

Schools: Model History Curriculum Question

2.57 pm

Asked by *Lord Wallace of Saltaire*

To ask Her Majesty's Government who they are consulting on the content of the new model history curriculum.

Baroness Penn (Con): We will work with history curriculum experts, historians and school leaders to develop a model history curriculum that will stand as an exemplar of a knowledge-rich, coherent approach to teaching history. The model history curriculum will build on the history curriculum and support teachers to make sure that all children can benefit from the breadth and depth of content in the national curriculum. We will shortly announce the panel supporting this work.

Lord Wallace of Saltaire (LD): My Lords, those of us who remember Mrs Thatcher's attempts to reshape the national history curriculum, David Cameron's praise for teaching our island story, as he would put it, and Michael Gove's calls for a more coherent patriotic history are concerned that authoritarian states teach a patriotic history; democratic states should teach debate and inquiry. Are the Government still committed to the fifth of the six aims stated in the 2013 definition of the national curriculum, which says we want students to "understand the methods of historical enquiry, including how evidence is used rigorously"—

I know some Ministers are not very keen on evidence—"to make historical claims, and discern how and why contrasting arguments and interpretations of the past have been constructed"? That is what secondary school students should be taught in history.

Baroness Penn (Con): I do not recall Margaret Thatcher's reforms to the history curriculum but I may have been a beneficiary of them. I should be clear to the noble Lord that the model history curriculum does not change the national history curriculum. It is designed to be an additional resource to help teachers, where they choose to use it, to fully develop their approach, consistent with the 2013 national curriculum on history and with the principles that he pointed out in his question.

Baroness Uddin (Non-Affl): My Lords, the All-Party Parliamentary Group for Africa—I declare an interest as a member—has just carried out an inquiry on the representation of Africa and its diaspora in the national curriculum, well led by the noble Lord, Lord Boateng. This work concluded that there were some good practices but serious shortfalls and shortages of information and rightful facts on the history of Africa and Islam, for instance. Will the noble Baroness undertake to ensure that she talks to the All-Party Parliamentary Group for Africa and to the noble Lord, Lord Boateng? Finally, I take this opportunity to pay tribute to Lady Afshar, who was such a champion on education and history in this House. We will all miss her deeply.

Baroness Penn (Con): My Lords, I believe that my right honourable friend the Secretary of State has engaged with a number of the groups referred to by the noble Baroness. I reassure her that the model history curriculum is being developed to reflect the richness of world history, teaching pupils about societies and civilisations within and beyond Europe.

Baroness Wilcox of Newport (Lab): My Lords, the National Education Union has called for England to follow the Welsh Government in making the teaching of black history mandatory. Have the Government considered doing so?

Baroness Penn (Con): My Lords, I am aware of the Welsh Government's initiative in this area. The Government are clear that, within the existing national curriculum, there is a wide range of opportunities to talk about black history as well as other diverse histories that have shaped our country. We are focused on developing the model history curriculum, which will provide additional resources to teachers as well as providing, and signposting teachers to, other resources that they can use in teaching not just history but citizenship and other areas of children's education.

Lord Hannan of Kingsclere (Con): My Lords, if we are to cohere as a democracy, should we not be teaching our children that they are not just a random set of individuals born to a different random set of individuals but heirs to a common tradition shaped by our parliamentary institutions, the common law, the tradition of personal freedom and all the rest of it, and that wherever their parents or grandparents were born, being our sons and daughters makes them partakers of this sublime patrimony?

Baroness Penn (Con): My noble friend will be reassured to hear that the reformed history curriculum introduced in 2013 does place more emphasis on understanding British history in the context of world history. The curriculum sets out within a clear chronological framework the core knowledge that enables pupils to know and understand the history of Britain, from its first settlers to the development of institutions that help to define our national life today, as well as aspects of Europe and wider world history.

Lord Storey (LD): My Lords, will the Minister support Troy Deeney, the captain of Birmingham City Football Club, who is running a high-profile campaign to make the teaching of black, Asian and minority-ethnic history experiences mandatory?

Baroness Penn (Con): My Lords, I am aware of the article and campaign referred to by the noble Lord; I read it myself. I am afraid that my answer is not hugely different from that which I gave previously. We support the teaching of black history within the national curriculum; there are many opportunities to do so. We are developing a model curriculum for history that will provide teachers with more resources to teach a diverse history, and one that reflects the story of these isles.

Baroness Hooper (Con): My Lords, may I draw attention to Latin America in this context? By that I mean not only the ancient cultures in Latin America, of which there are many, but the links with the slave trade and the important support for the independence movements there; these have created huge goodwill, very relevant to our trade and other efforts to improve relations with the countries of Latin America.

Baroness Penn (Con): My noble friend's question reflects the fact that, when we talk about diversity in the teaching of history, there are many different stories and parts of the world that pupils can learn about, along with how they relate to the history of this country. That is why the national curriculum and the

model history curriculum provide a framework in which teachers can then use their expertise to ensure that pupils gain an understanding and the knowledge that they need to take the study of history forward.

Lord Griffiths of Burry Port (Lab): My Lords, I have heard the noble Baroness's replies to the two previous questions and that leads me to ask mine. With the freedom that she describes to choose the ethnic-minority and black history theme likely to be exercised among populations where there are significant populations dominated by people of colour, is the mandatory approach not the one that will see to it that people in white areas will learn about black history? Is that not the whole point?

Baroness Penn (Con): I reassure the noble Lord that, in teachers and schools having the freedom to determine the topics of teaching within the framework of the national curriculum, it has been noted in a recent survey of history teachers by the Historical Association that more teachers have commitments to develop their content in their teaching of black and diverse histories. I think that is a pattern that we have seen across the country, and it is in the framework of the national curriculum that they are able to do so.

Lord Vaizey of Didcot (Con): My Lords, I refer to my entry in the register of Members' interests. Does my noble friend share my concern that the British Education Suppliers Association is considering legal action against her department for the way in which it has introduced the Oak National Academy, and that its attempt to effectively nationalise the provision of supply of the curriculum and severely damage our highly successful education technology market is not what one would expect from a brilliant Education Secretary who is himself an entrepreneur?

Baroness Penn: I do not share my noble friend's characterisation of the development of Oak National Academy and the resources that it provides. I agree with him that there is a wide range of resources available to schools and teachers in developing their lessons. The Oak National Academy and its successor have added to that range of resources, and that has been a positive development.

Social Welfare Law Cases: Legal Aid *Question*

3.07 pm

Asked by Lord Bach

To ask Her Majesty's Government what further steps they are taking to restore legal aid funding in the area of social welfare law.

The Advocate-General for Scotland (Lord Stewart of Dirleton) (Con): My Lords, we are piloting the provision of early legal advice for debt, housing and welfare benefit matters. We will introduce legislation later this year to ensure better access to social welfare advice for

[LORD STEWART OF DIRLETON]
people facing possession proceedings. We have reviewed the means test for legal aid and are currently consulting on plans to increase access to legal aid to an additional 2 million people for civil legal aid.

Lord Bach (Lab): My Lords, I thank the Minister for his Answer. I acknowledge the work done in this field by the noble Lord, Lord Wolfson. Frankly, though, two small pilots over a two-year period hardly begin to tackle the scandal that a large number of our fellow citizens cannot get the legal advice that they need and are entitled to. The number of new cases that were helped last year was one-quarter of those helped in the year 2012-13, just before the ghastly LASPO Act came into effect—all that at a time of increasing living costs and families finding it difficult or impossible to cope. Does the Minister agree that much more must be done now to tackle this gross injustice that shames our country and goes to the very heart of access to justice?

Lord Stewart of Dirleton (Con): My Lords, the noble Lord has acknowledged the work done by my noble friend Lord Wolfson of Tredegar. I in turn acknowledge his work in this important field, as part of the Bach commission, which he chairs. In relation to the matter of the priorities now, the Government consider it important that steps in this area be taken on the basis of the most robust data possible, which is why we are proceeding on the basis of pilot schemes that will in-gather the necessary data upon which we can base further actions.

Lord Anderson of Swansea (Lab): My Lords, is it not scandalous that at a time when our newspapers are full of the vast expenditure of footballers' wives on libel proceedings ordinary people are still denied justice in those areas which most impact on the lives of the less prosperous and the less privileged? What the Government have announced goes at least some way to help but, looking at that contrast, it really is scandalous.

Lord Stewart of Dirleton (Con): My Lords, a fundamental principle of our courts is that they are open to all. If people choose to spend their money in a particular way, then the courts permit them to do that, but the Government spend on average £1.7 billion on legal aid. That is a figure which we have under review and are constantly working on it. We acknowledge the importance of this area.

Lord Kennedy of Southwark (Lab Co-op): My Lords, the pilot scheme put forward by the Government seeks to quantify the benefits to individuals, their support networks, the Government and, ultimately, the taxpayer. Those seem very sensible aims and I support them. But how is this to be achieved and taken forward, with the access that the noble Lord referred to in his first Answer, when the number of providers of these services has been reduced by a third and in some areas we have a complete desert of providers?

Lord Stewart of Dirleton (Con): The noble Lord makes an important point. We understand that there are areas where there are no providers, but perhaps I may offer him this assurance: the Legal Aid Agency

keeps the matter under constant review and looks to engage with new providers where there are none. No part of England or Wales is without access to legal advice, because of the existence of a national telephone helpline, which can be drawn upon by people who require to access legal aid and assistance who would not otherwise have that available to them.

Restoration and Renewal: Location of House of Lords Chamber

Private Notice Question

3.12 pm

Asked by Lord Forsyth of Drumlean

To ask Her Majesty's Government what consideration they have given to the location of the House of Lords Chamber during the restoration and renewal programme.

The Minister of State, Cabinet Office (Lord True) (Con): My Lords, restoration and renewal is a parliamentary programme and decisions on how to proceed are for Parliament. Both Houses are reviewing the programme's shape and the commissions will jointly consider options and seek a revised mandate from both Houses. Further decisions, including on decant and location, would need to be considered by both Houses and debates are currently planned for before the Summer Recess. I repeat: the Government are clear that these decisions are a matter for Parliament.

Lord Forsyth of Drumlean (Con): I am most grateful to my noble friend, so can we take it that Mr Gove was off doing his own thing at the weekend when he wrote to the Speaker on Friday evening to indicate that the Queen Elizabeth II Centre would not be available for us? Would the Government be kind enough to ask him to put in the Library the analysis of how he thought this would enable Parliament to function, if one House was sent to Stoke or somewhere else? Will my noble friend indicate what consultation Mr Gove carried out before he made this statement and just remind the Secretary of State, as he did in his Answer, that the location of this House is a matter for this House and not for the Executive?

Lord True (Con): My Lords, I will not be tempted to follow speculation about what might have been the motives of a colleague in the Government in relation to a particular letter. The Secretary of State is always inventive, but I will repeat what I have said: that these are matters for Parliament.

Lord Collins of Highbury (Lab): My Lords, the simple fact is that the noble Lord answered a similar Question just over two years ago and that this is another recycled announcement from a Government who talked about this two-and-a-half years ago. For all the gimmicks, slogans and press releases, on every measure of levelling up we are going backwards. Instead of making such announcements, this Government should get on with helping families facing the worst cost of living crisis in a generation and use a windfall tax on energy grants to fund up to £600 of help for families. That is what this Government should be doing.

Lord True (Con): My Lords, the noble Lord is inventive in slipping the Labour windfall tax into a Question about the location of the House of Lords. For the avoidance of doubt, I do not favour that proposition. This is not an announcement; the position remains, as I have previously stated, that the decisions on how to proceed are a matter for Parliament.

Lord Addington (LD): My Lords, will the Minister take back to his friends in government that, if they are going to come out with rather bizarre statements like this with no notice or consultation, they should at least try to be a little more original? We have heard this all before. Dozens of us are waiting to give suggestions of our home cities, where it would be lovely to be. Might I make a recommendation for Norwich? Any city that boasts proudly that it used to have a pub for every day of the year would probably be a good environment for suggestions such as this.

Lord True (Con): My Lords, I am very fond of Norwich personally, but I would not encourage further speculation in this area. I will only say from my personal experience that I was in York last week on a ministerial visit and I did not look at any alternative site for your Lordships' House.

Lord Carlile of Berriew (CB): My Lords, I declare the interest of having been brought up in Burnley. Would the noble Lord care to remind Mr Gove that we are one Parliament and not two, and therefore dividing the two Houses would be a very adverse and unconstitutional act? Therefore, if he wants Parliament to be in Burnley, it should be both Houses and not one.

Lord True (Con): My Lords, again, I am not going to speak for my right honourable friend, but the noble Lord makes a cogent point which would need to be considered by all of us within Parliament in respect of its future operation. Those of us who have had experience of a Parliament by Zoom know the importance of personal contact within and across the Houses to the good operation of government and Parliament.

The Lord Bishop of London: My Lords, can the Minister reassure both this House and the public that a full cost-benefit analysis is being undertaken to ensure the good and proper use of public funds?

Lord True (Con): My Lords, as far as the R&R scheme is concerned, that is a matter for both Houses. As far as government property is concerned, obviously that is a matter for the Secretary of State. The right reverend Prelate makes a cogent point.

Lord Cormack (Con): My Lords, my noble friend is playing an admirable straight bat, on which I congratulate him. But on whose authority did Mr Gove contact the Lord Speaker, the Speaker or anyone else? Was he speaking for the Government? If so, does he not realise that this is not a matter for the Government, as my noble friend has told us? Was this just another freelance exercise by an intellectual flibbertigibbet?

Lord True (Con): My Lords, I could not possibly comment on that. The Secretary of State obviously has a standing in DLUHC in the sense that the QEII Centre is an executive agency for which DLUHC is responsible. No doubt he was addressing the matter from that perspective.

Baroness Hayter of Kentish Town (Lab): My Lords, the Minister really does have to speak on behalf of the whole Government. It was a government letter so I do not think he can wriggle out of it like that. These are really important constitutional issues. The Queen opens Parliament, and she is not allowed into the Commons; she does it from here but with the Commoners present to hear her statement. I am quite sure those issues have to be high up in the Government's mind as well as this House's mind. We also need Ministers by us. I do not know whether they were all planning to stay in London so that they could not answer our questions. From their way of dealing with this, maybe that is exactly the plan.

Lord True (Con): No—I take it as the highest duty that I have to come before your Lordships and answer questions and explain things. I repeat: decisions on how to proceed in this are a matter for Parliament, and the Government do not wish to prejudge Parliament's decisions on it. However, following what was said by the noble Baroness, whom I greatly respect, I say that it makes sense for government and Parliament to work together to support the decisions of Parliament on this matter and, yes, secure outcomes that deliver for the public and taxpayers.

Lord Vaux of Harrowden (CB): My Lords, does the noble Lord agree that the restoration of Parliament and making this iconic building safe will succeed only with real collaboration between the Lords, the Commons and the Government? Could he please answer the question that the noble Lord, Lord Forsyth, asked earlier—namely, which Members of this House were contacted or consulted in advance of the letter sent on Friday?

Lord True (Con): My Lords, I cannot answer that specific point. No doubt the Secretary of State could explain. The noble Lord takes the very point that I made in my previous answer—that it makes sense for government and both Houses of Parliament to work together, as he said, to create and support decisions on this matter.

Lord Foulkes of Cumnock (Lab Co-op): My Lords, although I agree with much of what has been said, particularly by the noble Lord, Lord Forsyth, does the Minister not agree that even the prospect, or the suggestion, that the House of Lords might move out of London might make those Members who live in London, particularly those on the Front Bench, realise the practical difficulties and problems of those of us who do not live in London?

Lord True (Con): My Lords, in a sense, that is a House of Lords point, but I understand what the noble Lord said. I have lived some of my life outside London and some of it in it. Of course those are matters to consider.

Baroness Butler-Sloss (CB): My Lords, will Mr Gove be successful in saying that we cannot use the Queen Elizabeth II Centre?

Lord True (Con): My Lords, as I have said, the QEII conference centre is a commercially run trading fund, and it is an executive agency of DLUHC. The noble and learned Baroness asks a hypothetical question, and I will clearly not pre-empt, even in this, how Parliament might decide to proceed. Each House of Parliament has the right to regulate its own proceedings and internal affairs, and we shall see what might happen.

Lord Udny-Lister (Con): My Lords, the QEII Centre is probably one of the worst buildings in London, so I am totally in tune with the Secretary of State when he says that the Government do not want us there. But the reality is that this building's problem is services, not access or modernisation; it is about dealing with the fire risk that exists in the basement of this building. If that is dealt with and it is stripped back to that, the costs and timescales are dramatically reduced and the options of the northern estate become viable. There are alternatives where we can stay on this site, but it needs a little more imagination and the costs have to be dramatically cut back.

Lord True (Con): As a Member of your Lordships' House, my noble friend obviously makes an important point. As I have said more than once at this Dispatch Box, the questions of the future of the R&R programme and any decant location are decisions for Parliament. I have indicated that I understand that the commissions are currently seeking to have debates in both Houses, so your Lordships will be able to express further opinions before the Summer Recess.

Lord Harris of Haringey (Lab): My Lords, the Minister has been admirably clear—as mud—about the constitutional position so far as this is concerned. I think that he accepted the point of the noble Lord, Lord Carlile, that both Houses should be together. What representations has the Leader of the House made on this question, both to Mr Gove and to her government colleagues? Will she reinforce the importance of the constitutional position that both Houses should be together, wherever in the country that might be, and that it is a matter for Parliament to decide this?

Lord True (Con): My Lords, my noble friend the Leader of the House is alongside me here as a courtesy, listening to your Lordships' points of view, and I am sure that she will have heard what the noble Lord said. There are many questions about what disagreements there might be, but I would be surprised if there were any disagreements between me and my noble friend on things I have said to your Lordships today.

Lord Austin of Dudley (Non-Aff): My Lords, the UK is the most centralised country in the world. Congestion in London is a nightmare and property prices are ridiculous. Meanwhile, the rest of the country has struggled to attract new investment and jobs to

replace the industries that it has lost. There is a case for looking at whether Parliament's deliberations can take place elsewhere in the country and for moving large parts of government to the regions, so I certainly do not think that these ideas should be dismissed out of hand.

Lord True (Con): My Lords, the Government are seeking to move parts of government out of London for precisely the kind of reasons that the noble Lord has given. However, this is a parliamentary matter. There will be debates and discussions in your Lordships' House, and I am certain that he will put his view—and we will see whether he is able to carry your Lordships with him.

Lord Naseby (Con): Will the Minister make a clear recognition of what my noble friend Lord Udny-Lister said about the services? When I was Chairman of Ways and Means, an inspection was held on the key issue of the fire risk. Will the Minister look at the case history of terminal 3 at Heathrow Airport, which was renovated between the hours of 9 pm and 6 am over a period of well over a year?

Lord True (Con): My Lords, again, I am being invited to stray into questions of parliamentary management, which is not appropriate for a government Minister. However, as always, my noble friend makes a very sensible point on these matters. There are always ways of arranging necessary work.

Baroness Hayman (CB): My Lords, I wonder whether the Minister would be kind enough to suggest to the Secretary of State, if he is interested in the public response to your Lordships' House and its work, that he might be better directed at looking at a programme that reduced the size of this House and at a statutory Appointments Commission, putting a rein on the use by the current Prime Minister of patronage in appointments.

Lord True (Con): My Lords, again, the noble Baroness strays slightly from the Question. On the last point, I only say that in a Session following the Session in which there was a record number of defeats for Her Majesty's Government, it would be surprising if the Government did not reflect on the significance of that.

Procedure and Privileges Committee

Motion to Agree

3.28 pm

Moved by The Senior Deputy Speaker

That the Report from the Select Committee *Support for remote participation* (8th Report, Session 2021-22, HL Paper 201) be agreed to.

The Senior Deputy Speaker (Lord Gardiner of Kimble): My Lords, before I speak to the Motion, I wish to comment briefly on the committee's seventh report, which was originally tabled for today's Order Paper. That report contained recommendations arising from the revision of the *Companion to the Standing Orders*. Late last week, a number of noble Lords expressed

concerns to the Lord Speaker and me. After careful consideration, I decided to withdraw the Motion from the Order Paper to agree the committee's seventh report. The Procedure and Privileges Committee will be invited to look again at these issues, and a further report will then be brought to the House for consideration.

I turn to the Motion before your Lordships today. This report by the Committee invites the House to agree that,

“as a reasonable adjustment, Baroness Thomas of Winchester be authorised to call on an assistant to support her in delivering speeches while participating remotely.”

This is precedented; the House agreed a comparable adjustment in 2012 to allow the noble Baroness, Lady Campbell of Surbiton, to call on assistance when speaking in debates here in the Chamber. I hope that noble Lords will join the committee in supporting such rare and bespoke adjustments to ensure that disabled Members can continue to make a full contribution to the work of the House. I beg to move.

Motion agreed.

Queen's Speech

Debate (4th Day)

3.29 pm

Moved on Tuesday 10 May by Lord Sherbourne of Didsbury

That an humble Address be presented to Her Majesty as follows:

“Most Gracious Sovereign—We, Your Majesty's most dutiful and loyal subjects, the Lords Spiritual and Temporal in Parliament assembled, beg leave to thank Your Majesty for the most gracious Speech which was addressed to both Houses of Parliament”.

Baroness Penn (Con): My Lords, I am grateful for the privilege of opening today's debate on the Motion for an humble Address. Today, I shall outline the Government's plans to support the economy, energy and the environment.

Covid-19 was an unprecedented crisis and, in response, this Government took unprecedented action, providing nearly £400 billion to protect lives and livelihoods from the pandemic's economic impact. It is thanks to this decisive response that the economy was able to recover faster than expected. That resurgence was accompanied by a labour market that outperformed expectations, with unemployment returning to below its pre-pandemic rate. None the less, there are significant challenges ahead.

Pressure on global supply chains and elevated energy prices, as the world unlocks from the Covid-19 pandemic, had meant that the cost of living was already on the rise. And now the unprovoked invasion of Ukraine has further driven up energy prices for households. The Government are acutely aware of the pressure that people face right now. That is why we are providing support worth over £22 billion in this financial year to help people through these difficult times.

We are also mindful of our responsibility to secure the economy over the longer term. Our spending on public debt interest repayments has reached the point where it now exceeds the budget for schools. Clearly, this is unsustainable. That is why we have taken tough and responsible decisions to repair public finances and return them to a tenable path. As a result, our debt is now on track to fall in the next few years, freeing up greater fiscal firepower to respond to future shocks and build economic security. A responsible approach to our national debt is just one element of how this Government are safeguarding our future economic health and our national well-being.

The legislation we are debating today will also play a significant part in achieving those goals. These measures will support key sectors such as food and farming and financial services. They will shield people from rising energy prices and consumer rip-offs, while preventing workers paying the price of business failure. They will also protect the environment and speed our transition to a net-zero economy.

I turn first to the financial services and markets Bill. The UK's financial services sector is one of the most open, innovative and dynamic in the world. It is not just an industry in its own right but the engine of our economy. It employs over 2.3 million people throughout the country and contributes £75 billion in tax revenue. It is therefore right that we act to secure our position as a global leader for the sector over the long term. Our departure from the European Union means that there is now an opportunity to better tailor our legislation to better suit our markets. In his speech at Mansion House last year, my right honourable friend the Chancellor set out our ambitious visions for an open, green and technologically advanced financial services sector that is globally competitive and acts in the interests of communities and citizens, creating jobs, supporting businesses and powering growth across all of the UK.

This Bill represents further progress towards making this vision for financial services a reality. It will build on the Financial Services Act 2021 and will ensure that the sector continues to deliver for individuals and businesses across the country. In addition, the Bill will help the country seize the full opportunities presented by Brexit by repealing retained EU law and establishing a coherent, agile and internationally respected approach to financial services regulation that is specifically designed for the UK. This includes giving our financial services regulators new objectives to ensure greater focus on growth and international competitiveness. We will also reform the rules that regulate our capital markets to remove red tape and promote investment.

The Bill will fulfil important priorities for the Government by safeguarding our robust regulatory standards, which are a cornerstone of our attractiveness to investors and maintain the stability and soundness of our financial markets. In addition, it will include significant measures to promote consumer protection, helping to protect the easy access to cash on which so many people rely, boosting consumer confidence by including additional protections for those investing or using financial products, and providing greater support for scam victims.

[BARONESS PENN]

Not only has the UK been a financial services hub for centuries, it has also long been known for its pioneering infrastructure. Our railway network, Shropshire's Iron Bridge and the Severn crossings are all illustrations of how UK engineers shaped this country. But, as my right honourable friend the Prime Minister has said previously, for too long now Governments of every stripe have failed to invest enough in infrastructure. If we are to deal with two of the biggest challenges facing this country—the need to level up the country and to cut our carbon dependence—we must address this challenge head on. That is why last year we launched the UK Infrastructure Bank. Thanks to £22 billion of capacity, the bank will be able to support infrastructure investment and the levelling up of the whole UK. In turn, this will boost private sector confidence, unlocking a further £18 billion of investment.

The UK Infrastructure Bank Bill will finalise the bank's set-up and ensure that it is a long-lasting institution. It will set out its objectives—to tackle climate change and support regional and local economic growth—in legislation, as well as giving the bank a full range of spending and lending powers, so it can benefit communities across the country and help the UK achieve its net-zero goals.

As well as strengthening investment, this Queen's Speech took steps towards ensuring that investors, employees and consumers can be confident that they have the full facts about businesses' financial health. When big companies go bust, the impact can be far reaching, and all too often it is workers and taxpayers who pay the price. Recent company collapses such as Thomas Cook, Carillion and BHS have underlined the need for proportionate and targeted audit, corporate governance and insolvency reforms. The draft audit, corporate governance and insolvency Bill will set out measures to rebuild trust in this area. Ultimately, the Bill will seek to safeguard jobs, reduce the economic and social harm from sudden company failures and reinforce the UK's reputation as a great place to invest. It will include measures to boost resilience, competition and choice in the audit market, and it will establish a strengthened regulator and ways of holding business directors to account. These are complex and significant measures and it is critical that we get this reform right. That is why the Government are bringing forward this legislation in draft.

I turn to economic crime, which costs the UK an estimated £8.4 billion a year. We took recent urgent action with the Economic Crime (Transparency and Enforcement) Act, and now, as we committed to then, we are going further by bringing forward the economic crime and corporate transparency Bill. The Bill will strengthen the UK's reputation as a place where legitimate business can thrive, and it will ensure that there is no place to hide dirty money. The Bill will include significant reforms to strengthen the role of Companies House, reforms to prevent the abuse of limited partnerships, new powers to seize crypto assets from criminals and reforms to give businesses greater confidence to share information on suspected money laundering.

Consumers also need to be confident that they will be supported if their relationship with a firm goes wrong. Already, the UK boasts a strong set of consumer rights,

which are enforced through multiple routes. None the less, problems with purchases cost consumers £23 billion annually and there is evidence that competitive pressure among firms may have been stronger in the past than it is today. Now that we have left the EU, we can take clear action to address this problem by tailoring our legislation to support both consumers and businesses in a more agile way, while maintaining our high standards. The draft digital markets, competition and consumer legislation will boost consumers' rights, strengthen enforcement and promote more competition in UK markets. This legislation will tackle bad business practices such as subscription traps and fake reviews, which cost consumers money. It will also clamp down on cartels and other activities that stifle competition. The Bill will also give the Competition and Markets Authority more powers to crack down on bad businesses ripping off consumers. In short, this legislation will help consumers keep more of their hard-earned cash.

When it comes to the cost of living, rising energy prices are being felt by households up and down the country. The Government are acting, with support to consumers worth over £9 billion and, importantly, a long-term plan for our energy security. Our recently published *British Energy Security Strategy* will help tackle rising bills and, alongside the Prime Minister's 10-point plan and the *Net Zero Strategy*, drive £100 billion of private sector investment into new British industries, supporting the creation of around 480,000 clean energy jobs by 2030.

The energy Bill will deliver even more for UK families and businesses as we seek to transition to a cleaner, more affordable and more secure energy system. It will ensure that consumers remain protected by the price cap and that heat networks are regulated, helping to lift households out of fuel poverty. This landmark Bill will also fire the starting gun on new low-carbon technologies, such as hydrogen and carbon capture, utilisation and storage, by introducing state-of-the-art business models. It will also support the growth of new industries, unlocking tens of thousands of new skilled jobs across the UK. This reshaping of our energy industry will be overseen by a new future system operator, which will be charged with driving progress towards net zero, energy security and minimising the costs facing consumers.

Lord Forsyth of Drumlean (Con): Could my noble friend tell the House how much extra revenue the Government are receiving in taxation as a result of the increases in oil and petrol prices?

Baroness Penn (Con): My Lords, I know that the amount is substantial, but I do not have the particular figure to hand. However, I am sure my noble friend on the Front Bench can provide it to my noble friend when he concludes today's debate.

I now turn to two Bills relating to agriculture, an industry that makes an important contribution to our economic and environmental health. The first is the genetic technology precision breeding Bill. Precision breeding describes a range of technologies, such as gene editing, which enable DNA to be edited much more efficiently and precisely than by current breeding techniques. Now we are outside the EU, we can adopt

a more proportionate regulatory approach to the development and marketing of plants and animals produced through such technologies. Such techniques will enable us to grow crops that are more resilient to climate change and resistant to disease, boosting food security and reducing our reliance on pesticides. The UK is already home to world-leading research in this field, and these changes will unlock further innovations that will improve our food system's sustainability and resilience and bring our approach in line with that of other major economies.

Finally, the kept animals Bill, which raises standards for pets, farmed animals and kept wild animals, will continue its passage in this Session as soon as parliamentary time allows. The Bill's measures include action to tackle livestock worrying and bans on live exports for fattening and slaughter and on the keeping of primates as pets. It also tackles the cruel trade of puppy smuggling. In doing so, it delivers a key part of the Government's *Action Plan for Animal Welfare* and important manifesto pledges.

These are difficult times for this country and the world, but the Bills I have outlined will play a big part in safeguarding our economy, securing key industries such as farming and financial services, and protecting our energy supply. I have no doubt that this proposed legislation will spark many substantive and insightful contributions today and in sessions to come, which I greatly look forward to hearing.

3.43 pm

Baroness Jones of Whitchurch (Lab): My Lords, I thank the Minister for her introduction to the gracious Speech and send our good wishes to the Queen. I also look forward with pleasure to the maiden speech of the right reverend Prelate the Bishop of St Edmundsbury and Ipswich, and to his contributions for many years to come.

This Queen's Speech shows just how much the Government are out of touch with the issues that really matter to the people of this country. We know that what really concern people are the cost of living crisis, the huge rise in energy bills, lengthening NHS waiting lists and the impact of climate change on our future well-being. However, instead of a programme to address these very real concerns, the Government have chosen to pick fabricated fights to please a dwindling group of core supporters.

The fact is that the Government have presided over a low-growth economy for more than a decade. As a result, the Conservative Party has become the party of high taxes and low pay, and the latest national insurance increase means that millions will be taking home even less. We were already facing the scandal of over 1 million people regularly using food banks, and the Trussell Trust has reported a dramatic increase in demand following the scrapping of the £20 a week universal credit uplift. As a further reminder of how out of touch the Government are, we have MP Lee Anderson blaming a lack of cooking skills for the food poverty that millions of people are experiencing. Now, on top of the existing financial pain, energy costs have spiralled, and an estimated 1.5 million people will struggle to pay their energy and food bills. However, there is

nothing in the Queen's Speech to support households with the cost of living, no proposals for an emergency budget, no compassion and no hope. No wonder Simon Hart, the Welsh Secretary, described the speech as "dull as hell".

We have to ask when the Chancellor will stir himself to act on the economic crisis. Increasingly, we are hearing business leaders—such as those from John Lewis, Tesco and Scottish Power—begging him to get his act together, as they see first hand the damage that is being done by his inaction. Inflation is at a 30-year high, with the potential to peak at over 10%, meaning that most people are experiencing real-term pay cuts. Andy Haldane, the ex-chief economist of the Bank of England, has warned that high inflation is likely to last for "years rather than months". The result will be higher mortgage costs and a further squeeze on incomes. The Bank of England itself has warned that, for many, the cost of living crisis will feel like a recession.

Last week's GDP figures showed a dramatic drop of 0.1% in March, showing economic growth grinding to a halt, amid evidence that the Chancellor ignored warnings from the Institute for Fiscal Studies in October 2020 that he was incorrectly financing the large sums needed for the pandemic. Meanwhile, as a result of previous ill-conceived government policies, many businesses are unable to recruit the staff they need to create growth opportunities, so further stagnation is setting in. While it is true that there are inflationary pressures across the globe, the Government's handling of the economy means that we are experiencing a particularly challenging time, with the IMF predicting that we will slump to the bottom of the G7 table next year.

Where are the coherent set of measures to tackle the cost of living crisis and rebalance the economy? Where are the plans to invest in green, zero-carbon industries that could create millions of jobs across the nation as well as helping us meet our international obligations? Where is the promised employment Bill, which would have provided some extra protection for workers from unscrupulous employers? Why have the Government done nothing to revisit the level of social security uprating, despite the promise of the Prime Minister to do so when he appeared before the Commons Liaison Committee earlier in the year? Why is the focus of the financial services and markets Bill on deregulation when we know that this has been the cause of financial crises in the past? Where are the measures to ensure that banks deliver greater financial inclusion, a focus on green investment and financial regulation to support our climate change commitments?

For millions of families facing catastrophic soaring energy bills, the Government's energy Bill is hopelessly inadequate. It does nothing to bring down costs, nothing to fast-track the energy-efficiency measures we all know that we need, and nothing to speed the race to renewables. Meanwhile, profits from oil companies are reaching record levels. This is why we have consistently argued that there should be a one-off windfall tax on the oil and gas giants, along with an uplift on the warm homes discount, giving additional support to up to 9 million working families and pensioners. I read that the Chancellor is finally considering a windfall tax.

[BARONESS JONES OF WHITCHURCH]

He should not be embarrassed about copying Labour's proposals: if it is the right thing to do for the country, he should just get on with it.

The truth is that we are living with the failure of this Government's policy over a decade to properly regulate the energy market, to develop renewables and nuclear power, and to deliver the energy-efficiency programmes that the Climate Change Committee has repeatedly said are vital to meet our net-zero targets. This is why Labour is committed to accelerating the green energy sprint by, for example, insulating 19 million homes in a decade; doubling our onshore wind capacity and tripling solar power by 2030; and targeting investment in hydrogen. We will put renewable energy at the heart of our energy security programme, providing the leadership to encourage and reassure investment for a long-term strategy, as well as putting our climate change obligations at the heart of everything we do.

Unlike Labour, the Government seem to have dropped action on climate change and the environment from their priorities—and yet the need was never greater. The recent report from the Office of Environmental Protection warns of a tipping point in which gradual environmental decline becomes catastrophic, including loss of wildlife, the collapse of fisheries, and dead, polluted rivers. It highlights the many environmental targets already missed and the funding for those who monitor environmental failings being cut, and calls on the Government to implement more urgent and coherent measures.

Sadly, none of that urgency is reflected in the Bills before us. Where are the measures on the protection of the national parks and other strategic areas of the countryside that we were expecting? Where are the ambitious plans on improving land use and delivering biodiversity net gain we were promised through the new planning legislation? They have been replaced by a vague promise to factor in environmental concerns. Where is the nature Bill that could have taken forward our next steps on reversing biodiversity decline? Where is a food Bill to implement the national food strategy and deliver for British farmers and consumers? Instead, we see the Government rowing back on the simplest of measures to control junk-food marketing. Where is the further action on water quality and air quality, which we know are areas of major public concern?

The story of the Government's environment priorities in this programme for government is more about what is not in it than what is. Similarly missing is the animals abroad Bill, which would have banned trophy hunting and the import of animal fur and foie gras—all further evidence that the Government are pandering to a small group of Tory Back-Benchers rather than following through on their manifesto commitments that have broad public support.

These Bills are a hallmark of a Government who have lost their way. They tilt at the wrong targets and highlight a lack of ambition and missed opportunities. We needed a Queen's Speech that would tackle the cost of living crisis with an emergency Budget, including a windfall tax, to get money off people's bills. We needed a real plan for growth to get our economy firing on all cylinders, with a climate investment pledge

and a commitment to make and buy more in Britain. We needed to put action on restoring nature and biodiversity at the heart of what we do, in the knowledge that they are essential for human well-being, progress and prosperity. Sadly, these Bills will do none of these things. They excite and inspire no one, and the Government will undoubtedly pay the price at the next election.

3.53 pm

Baroness Kramer (LD): My Lords, let me take this opportunity to join in the many thanks to Her Majesty the Queen and express our pleasure at seeing her in such good form over the weekend.

"Yesterday upon the stair,
I met a man who wasn't there.
He wasn't there again today".

How better to describe this Government's abject failure to recognise the scale and urgency of the cost of living crisis facing ordinary people? The Minister said that the Government must store up contingency resources for the future crisis. This is the future crisis: it is here now and action is required now. It has nothing to do with personal budgeting, home cooking or somehow getting a much higher paid job next week. Inflation continues to surge, especially on energy and food, and interest rates are rising. We have the spectre of stagflation.

The National Institute of Economic and Social Research reports that 1.5 million people will see soaring food and energy costs outstrip disposable income this year, forcing them to drain savings or go deeper into debt. The Yorkshire Building Society and the Centre for Economics and Business Research expect average household spending to exceed average income by over £100 a week within two years. Almost 60% of SMEs are now relying on the absolute no-no of borrowing to cover their basic insurance payments. A cost of living crisis is being followed by a debt crisis.

The Government are AWOL when they should be acting. They should immediately restore the £20 uplift to universal credit, cancel the increase in national insurance contributions and cut VAT temporarily from 20% to 17.5%, as my party has been calling for. That VAT cut would put an extra £600 into a typical family's pocket, as well as support businesses, especially small businesses, who had hoped that they were recovering after Covid but are now slipping into crisis.

We can pay for it. The Government may finally be considering a windfall tax on the super-profits of the oil and gas companies—which interestingly my party called for while Labour was still contemplating the issue. However, a windfall tax does not undercut future investment, despite what we hear from Ministers. Shell has announced £8.5 billion in share buybacks for 2022, and BP is expecting to do at least £6 billion in share buybacks and hopes that the market will accept more. Companies buy back shares when they have set aside money for every reasonable investment and are still awash with cash. There is no investment risk.

It is not only the oil and gas companies that have had a windfall. The surge in prices because of inflation delivered the Chancellor an unexpected extra £9 billion in VAT by last January and will deliver at least another £40 billion of windfall VAT by the end of Parliament. Indeed, because of the freeze in thresholds, soaring inflation will also drive thousands more people into

higher income tax brackets, with another unexpected windfall for the Treasury. The noble Lord, Lord Forsyth, made the point that the rising revenues of the oil and gas companies are also leading to a windfall for the Treasury. If you took less than half of that VAT windfall, along with an oil and gas windfall tax, you could pay for the cost of living rescue which I have just put forward. I understand that the Government want to hold back unexpected tax revenues for a dramatic tax cut just before the next general election, but surely even this Government cannot remain that cynical in the face of the immediate economic crisis in so many lives.

The Queen's Speech also failed to address the fundamentals of economic growth. The OBR forecast for growth is dire. I am talking not just about the drop in GDP in March but the OBR's longer-term running rate of growth; at just 1.75%, that is a level which cannot support our current standard of living. We have a working-age population shortage across the whole skills spectrum, with the dependency ratio rising sharply to a dangerous 57%. The OBR estimates 1.2% long-term scarring from a workforce shortage.

Our productivity growth continues to struggle, at a shade over 1%. Two key drivers of productivity are market size and market access, and we threw those out of the window with Brexit. Business investment is the lowest in the G7 by far, and CBI forecasts suggest that it will stay in that dreadful position. Remember, the trade deals and the magic deregulation that the Government boast about are already assumed in those dreadful forecasts. The OBR has identified a sharp decline in Britain's trading capacity:

"The UK ... appears to have become a less trade intensive economy, with trade as a share of GDP falling 12 per cent since 2019, two and a half times more than in any other G7 country".

For us, dependent on commerce in trade, this is some of the worst news that we could ever have received. We must restore our trading relationship with the European Union, and quickly. The answer is certainly not getting ourselves into a trade war.

Personally, I will work on the Treasury Bills in the Queen's Speech, and so will make a few remarks on those. We have seen the UK Infrastructure Bank Bill, and we have a reasonable idea of what will be in the financial services and markets Bill. However, the UK Infrastructure Bank is a midget compared to the European Investment Bank and the money that it used to supply here, and we are going to have to think far more ambitiously. The fact that housing does not qualify for support from the UK Infrastructure Bank strikes me as really quite shocking.

The financial services and markets Bill will be huge but, as the Minister pointed out, one of its key issues is to make competitiveness a target for the regulators. I just remind this House that we used to win the race to the bottom on competitiveness and it gave us the 2007-08 crash. This is an issue about which we have to be extraordinarily careful.

Both Bills continue—and this is a fundamental constitutional issue—the Government's project to shift power from Parliament to the Executive and regulators, eliminating effective accountability. I struggled with this because, one day, a different Government might be in power, but a local Conservative gave me the answer.

He told me, "We, the Conservatives, expect to win the next election with a very thin majority, so it is critical to take power away from Parliament now and give it to the Executive while we can". We can best describe these Treasury Bills as massive Henry VIII Bills.

My colleagues will address many other sectors and issues, not least the inadequacy of the response to climate change, which also embeds huge economic opportunity and was pretty much ignored in the Queen's Speech. Indeed, the Queen's Speech Bills are basically culture wars, wedge issues and a grab of power from Parliament by the Government. Embedded within a lot of it is quite a good dose of nasty. I have been on the doorstep in the last few weeks and the public are increasingly sickened by nasty. Pretty much everyone I spoke to demanded that the Government address the cost of living crisis as an emergency and take action now.

4.01 pm

Baroness Hayman (CB): My Lords, I declare my interest as co-chair of Peers for the Planet. I will speak mainly on issues of climate change, foreshadowed by the speeches of the noble Baronesses, Lady Kramer and Lady Jones. First, I will refer briefly to two issues from the gracious Speech. I was pleased to see and am interested in taking part in the legislation on the genetic technology (precision breeding) Bill. The time that I spent at the then Ministry of Agriculture persuaded me that it is possible to use precision genetic technology to the benefit of both agriculture and consumers. As a country, we are good at regulation in these innovative situations, and we ought to pursue that.

The other issue, which gives me concern rather than enthusiasm, is the line in the gracious Speech about restoring the balance of power between the legislature and the judiciary. I worry about what that means and will listen very carefully and with some concern to the Government's proposals in this area.

But I will speak mainly, as I did a year ago, about the climate and nature crisis confronting the country and the Government's response to it. Today marks six months from the COP 26 conference in Glasgow and it was looking forward to that conference when many of us spoke last year. We did so despite the clouds of the global pandemic that hung above us all. We talked about the way in which it was important to find paths out of that crisis that did not set back the path on which we had embarked towards tackling the climate crisis. Today, we have different clouds above us. They are dark, and they are of war and—we talk of the cost of living crisis—of poverty. That is the problem that clouds our horizons today.

However, those dark clouds low above our heads have not taken away the clouds above them, the global clouds, or the necessity of acting internationally and nationally. I shall once again say what I have said many times: of course we are as a country a small emitter globally, but we are a leader globally. We are a leader in innovation and achievement. When we do that, we have an international heft far greater than simply our domestic achievements. It is really important, as Alok Sharma, who is still president of COP26 said today, that we do not commit

"an act of monstrous self-harm"

[BARONESS HAYMAN]

and that

“the current crises should increase, not diminish, our determination to deliver”

when

“the window of time we have to act is closing fast”.

So I was disappointed that the speech from the Throne did not include much greater and more comprehensive action to help people with the costs of their energy and to reduce the energy they use. We still do not do enough in a coherent and co-ordinated way to make our homes more energy efficient to reduce the cost that people incur in heating them, and we still have not capitalised on all the forms of renewable energy that we need. We should reassess the economic case for tidal power, given the economics of energy at the moment. The Minister who will reply will not be surprised to hear me say that we need to talk more about onshore wind.

4.07 pm

Lord Forsyth of Drumlean (Con): My Lords, in view of the limited time to discuss the economy, I shall concentrate on inflation and, in particular, the role that the Bank of England has played in unleashing inflation in our country through failing to meet its proper mandate. The Bank has bought some £875 billion of government debt, half of that in the past two years. It has done so, including £50 billion in the last quarter of last year, against the advice of its own economist, Andy Haldane, who resigned, and, more importantly, of the Economic Affairs Committee of this House, which unanimously pointed to the stupidity of stimulating the economy when demand was increasing following the amounts that were saved as a result of Covid. We suggested that it might have inflationary consequences. The report was called *Quantitative Easing: a Dangerous Addiction?*. The Governor of the Bank of England's first response to it was a rather trivial one. He said that we should not have used the word “addiction” because it would offend people who had illnesses. When we got the formal response—there are members of the committee here—it basically did not deal with the arguments, and the Treasury's response was a two-page letter from the Chancellor of the Exchequer. The effect now is that the Governor is telling us that we can look forward to double-digit inflation, when less than a year ago he was telling us that it was a transitory phenomenon when it was at 3.6%.

Being a Lords committee, we were diplomatic and kind and suggested that perhaps the Government, in printing £450 billion, might have been doing it to finance the Government's spending. But we were told that, no, that was not the case at all and that it was in order for them to meet their mandate to get inflation to 2%. Well, it does not seem to have worked out quite like that. To me it is pretty obvious that if it looks like a duck, it is a duck, and that what the Bank of England has been doing is printing money to fund government expenditure, which inevitably results in inflation.

In response to our committee report, the governor said he was going to unwind QE when interest rates got to 1%. They are at 1% now, so what is the Bank saying? It is saying, “Well, we're going to wait until

August to take a view”—so the spirit of St Augustine is alive and well and living in Threadneedle Street: “O Lord, make me pure—but not just yet”.

Some people in the other place have said that we ought to question the independence of the Bank of England. I do not; the independence of the Bank of England is absolutely crucial. I do question whether the Bank of England is maintaining its independence and whether the Monetary Policy Committee is composed of people who will ensure that it does so. It seems to me quite extraordinary that, in the appointments made to the Monetary Policy Committee, there are very few people who actually know anything about monetary economics—and it shows. There is a dearth of experience that was not there when the Labour Government first set up the MPC following the 1997 election. It is not a healthy position when the Chancellor appoints the governor and the Treasury appoints the members of the Monetary Policy Committee. In these circumstances, we should not be surprised if we see the kind of groupthink that has led us into our current difficulties.

As I see that time is against me, I will just remind the House of something very sensible that the late Lord Callaghan told the Labour party conference: inflation is the father and mother of unemployment. The Bank may very well believe that inflation is transitory, and the governor may very well believe that with inflation running at 10% people will not ask for wage increases—but when they do, especially in the public sector, it will give a further crank to inflation. So it is high time that we held the governor and the Bank of England more to account for the important role—indeed, crucial role, given the size of its balance sheet—that it now has as a result of quantitative easing.

4.13 pm

Baroness Drake (Lab): My Lords, the Queen's Speech contained no emergency measures to address the cost of living crisis that households are experiencing. Rather, the Prime Minister said that

“for every pound of taxpayer's money we spend on reducing bills now, it is a pound we are not investing in bringing down bills and prices over the longer term ... this moment makes clear our best remedy lies in urgently delivering on our mission to turbo charge the economy ... and spread opportunity across the country.”

But the challenge to that trade-off—less bread today but more bread and jam tomorrow—is rising inflation. It weakens plans to reduce regional inequalities, every pound of government spending is worth less and it is deepening inequality. Is there a point at which the Government would accept that families' current struggle with the cost of living was too great and they would have to introduce emergency measures? If so, exactly what is that point?

Reversing the UK's economic inequalities requires large-scale measures that are well directed and backed by substantial levels of funding over a prolonged period. We heard little about future funding in the Queen's Speech. We know from Germany that closing regional inequalities takes time and huge sums of public investment. Germany has transferred around €70 billion a year for 30 consecutive years to level up its country.

So I ask the Minister: given that rising inflation means that departmental spending plans set by the Treasury in October are increasingly worth less in real

terms, what steps will the Government take to ensure that they meet their new national missions? Will they increase the budgets or lower their aspirations for what can be achieved by 2030?

The UK has one of the most centralised decision-making systems in the OECD, contributing inefficiencies to the imbalances in our country. National decisions are made without a full understanding of their impact on different geographies. The Government accept that a fundamental rewiring of the system of decision-making, locally and nationally, is required to address geographical disparities in England. We wait to see whether those leading the process have the will to deliver it, and whether the Treasury will actually relinquish powers. To quote from the Constitution Committee's report on respect and co-operation,

"the West Midlands Mayor, Andy Street, said the future of English devolution should involve a sustainable financial settlement that ends the 'begging bowl culture' to Whitehall."

A risk to achieving government aspirations on climate change and levelling up is the financial services Bill; I agree with the noble Baroness, Lady Kramer. The current aims of the PRA and FCA include protecting and enhancing the integrity of the UK financial system and promoting competition. The Bill introduces a new delegated power to promote "international competitiveness"—a chilling sense of *déjà vu*. Previously, the FCA had a duty to promote international competitiveness. In 2012, the Treasury and Parliament both found that that approach to regulation contributed to the 2008 crisis. In 2019, the Governor of the Bank of England, Andrew Bailey, observed that, previously, the regulator

"was required to consider the UK's competitiveness, and it didn't end well, for anyone".

That is true. The pursuit of the profitability of large international firms trumps public interest. Austerity and rising inequalities followed. The Government now risk making the same mistakes, and, with that, the levelling-up and net-zero aspirations faltering.

Advances in ICT and fintech have been hugely beneficial. Our economy would not have been able to adapt so quickly to mitigate the impact of the pandemic if it had occurred 20 years previously. But such advances bring new risks: communities grapple with access to cash, they face exclusion from data-driven services, and card or online transactions are the new norm.

In 2021 the UK cybersecurity agency took down a record number of online scams—four times as many as in 2020. TSB revealed that impersonation frauds are up 300%. Consumer protections in the Bill are needed, but absent is an FCA duty to have regard to financial inclusion, which is a growing risk in our economy.

Baroness Bloomfield of Hinton Waldrist (Con): Could the noble Baroness bring her comments to a close, please?

Baroness Drake (Lab): Sorry. Okay, well, the FCA's new consumer duty and consumer vulnerability guidance concentrates on vulnerable consumers with access to retail products; it does not deal with those who do not have access to those products.

Finally, I look forward to hearing the maiden speech of the right reverend Prelate the Bishop of St Edmundsbury and Ipswich. I am newly discovering Suffolk as my daughter and granddaughters have gone there, so I shall listen intently to his contribution.

4.19 pm

The Lord Bishop of St Edmundsbury and Ipswich (Maiden Speech): It is a huge honour to be able to address your Lordships' House today. I thank noble Lords for kind words and acts of welcome. I have been very struck by the kindness and warmth of the staff who work here and who have supported me in my early faltering steps. I regret that a bout of Covid last week prevented me attending at all, but I look forward to building a pattern of regular engagement in the work of this House.

I have had the joy and privilege of serving the people of the diocese of St Edmundsbury and Ipswich, which comprises most of the wonderful county of Suffolk, for the past seven years. I previously served in Scunthorpe, New York City, St Louis, Missouri, Westminster, the Isle of Dogs and Cambridge, and I simply reflect on the curious ways of the Church of England that I ended up serving a largely rural diocese.

It has been a journey of great discovery, learning about rural life, agriculture, care of the land and the environment, the conditions of increasing rural poverty and isolation, and the challenges particularly facing young people, which are hidden behind picture-postcard scenes of beautiful landscapes and coastline. It is these concerns and experiences I hope to bring to the attention of the House and Her Majesty's Government.

I note with considerable interest that Her Majesty's Government intend to bring forward an energy Bill with the aspiration to tackle three related concerns, as we have heard: the affordability of energy, energy security and the urgent need to transition to cleaner energy in response to the climate crisis. I know that I and colleagues on this Bench, including my right reverend friend the Bishop of Manchester, who until a moment ago was sitting next to me, will be following this Bill closely.

I believe that the climate crisis is the multiplying factor for all the other crises we face. Global temperature rises will dramatically increase the global refugee crisis and food shortages, and the geopolitical impact will continue to be magnified. We must pursue the determined course set at COP 26, where we take actions—challenging actions—now for the sake of the long term. If we do not hold the net-zero targets before our eyes at all times and hold to the determination to achieve them, all our other crises will be multiplied.

In a rural county such as Suffolk, we are acutely aware of the challenges of determining what the long-term cost-effective forms of renewable energy really are, and that they do not undermine other environmental goals such as maintaining biodiversity. We know, of course, that changing hearts and minds requires determined leadership. I am pleased to acknowledge the leadership of the Bishop of Norwich, who heads up the climate crisis response for the Church of England, and in my own diocese it is the suffragan Bishop of Dunwich, who has a vested interest since most of his see is already under the sea and he cannot afford to lose any more.

[THE LORD BISHOP OF ST EDMUNDSBURY AND IPSWICH]

I acknowledge too with gratitude the aspiration on the part of the Government of the United Kingdom to be a global leader in responding to the challenges of energy security without compromising our response to the climate crisis.

Many of us have made personal commitments to respond to this because we feel compelled by the nature of the crisis, and we know that we cannot expect others to do what we are not willing to do ourselves. One of my various modest actions is to start growing trees from seed, one for each of the 478 churches in the diocese, as a gift to honour Her Majesty's Platinum Jubilee as part of the green canopy programme. Having had a faltering start a year ago—where planting 400 seeds and overwintering them generated a mere 18 hornbeam—to my surprise I now have some 470 hornbeam and field maple seedlings safely thriving in my greenhouse. Yet it is an act the full fruit of which I will never see. I might say it is an act of faith and I believe it is in this spirit that we should approach the issues of energy and the climate crisis. It is time for implementation and action—acting now for the long-term future and acting with clear and committed leadership.

4.24 pm

Lord Howell of Guildford (Con): My Lords, it is a huge pleasure to follow the right reverend Prelate the Bishop of St Edmundsbury and Ipswich in his maiden speech. I note in passing that St Edmundsbury Cathedral celebrated its 1,000-year anniversary last weekend, so the right reverend Prelate is in a position to take the long view on certain things. He has huge international experience combined with parish experience on the ground—both angles. He is engaged, I have been informed, in a “Transforming Effectiveness” project in the Church of England. I think we could all do with a bit of transforming of effectiveness, so maybe he will take the lead on that as well. I note personally that he is an honorary canon of Ely Cathedral, a most graceful and beautiful cathedral and certainly my favourite. Aside from all that, his is just the voice we want here in London on the great social and other challenges that he has mentioned; I hope that we will hear a very great deal more from him.

I shall speak mostly about energy, climate, prices and inflation. I declare my interests as in the register, including as an adviser to the Kuwait Investment Office. The cost of living and inflation crisis is basically driven by the energy prices and energy crisis, and energy price roots are international and demand immediate international understanding and action. Obviously, we can try, and we are trying, to marginally alleviate the suffering and damage here, which affect not merely the very poorest households but more or less half the households in this nation; but the real and immediate solutions to this intolerable situation lie elsewhere. The only effective short-term—I emphasise, short-term—answer to all this demand and shortage is more supply. The OPEC countries can easily add 3 million or 4 million barrels a day in quite short order, and their current refusal to do so must be vigorously challenged.

If we followed this course and could make some precious advance there, we would send all fuel prices, and by knock-on effects gas and petrol prices and so on, tumbling and take the steam out of inflation far more effectively than any subsidies, grants, or jiggling with the bank rate—which anyway only has an effect a year ahead, if at all—or other relief measures. Even an extra £10 billion one-off windfall from the oil companies' vast and fortuitous profits—a take which I am at all not against as it is a sensible thing to do—will be only marginal relief from the biggest cost jumps in a generation, with much more to come, so they say. I cannot see that accelerating more North Sea oil development, with results in maybe three to four years' time, will help either the immediate crisis or our longer-term security. People forget that the North Sea is an international province, as Ted Heath discovered in 1972 at the time of the oil shock and, of course, has to supply its oil into world markets.

We should be using all our famed soft power and diplomacy to get our Middle East so-called friends to stop their dogged refusal to help and start pumping more right now, and point out the sheer foolishness and short-sightedness, both political and commercial, of not doing so. How is that to be done? If the EU is divided and cannot decide which way to go and the United Nations is hamstrung by the fact that Russia is in the chair, our own country should seek to lead a coalition of like-minded nations to confront our so-called OPEC friends with the immorality and danger of their persistent refusal to use their spare capacity now and offset the effect of Russian exports being cut. Even Iran, if we can get through the JCPOA crisis, wants to add another million barrels a day. Every day that OPEC leaders delay in pumping more ensures that billions continue pouring into Russian coffers to finance the Ukrainian butchery.

In fact, the scene for gas is changing fast. Covid has already shrunk the Chinese market, and I am told that Milford Haven and other ports are now jammed with diverted LNG ships wanting to put more gas into the UK grid system. The global price for gas has dropped sharply, so why on earth are we still being told about charging consumers hundreds more for gas this autumn? Why we cannot get this production into our pipelines and to hard-pressed households beats me, and I hope that the Minister will explain that odd conundrum.

I turn to our longer-term energy security and to the climate struggle in the White Paper. Yes, the promise of expanded nuclear power is good, although it is disgraceful that a firm and reliable block of low-carbon nuclear power has ever been allowed to run down the way it has. Some of us tried to begin the replacement of outdated nuclear plants 40 years ago, when I announced 15 gigawatts of new nuclear in December 1979 in the other place. It was nearly all defeated by political weakness, public fears and, above all, short-termism. Only one plant ever got built—Sizewell B—and that took 15 years from my announcement.

There is much more to say on whether the programme is going the right way but, as I am over my five minutes, I shall just add that I look with sadness on the numerous blunders in our energy policy over the past 30 years under all parties. Warnings were consistently neglected

and short-termism prevailed, politically and financially. Here we are in a total energy mess, and it is time to start digging ourselves out of it.

4.31 pm

Baroness Whitaker (Lab): My Lords, it is an honour to follow the noble Lord, Lord Howell of Guildford. As a member of Peers for the Planet, I will speak on a less-discussed aspect of renewable energy. Perhaps I should also declare that one of my sons writes on energy matters.

I would first, however, like to endorse greater use of onshore wind turbines, as promulgated in the Bill proposed by the noble Baroness, Lady Hayman, sadly not appreciated by the Government, for reasons which appear to further narrow interests rather than the imperative of a carbon-neutral economy. But I am encouraged by the promise of a Bill to deliver the transition to cheaper, cleaner and more secure energy, as also commented on by the right reverend Prelate the Bishop of St Edmundsbury in his perceptive and lively maiden speech.

Our great asset in the field of renewable energy is the sea. We have sea all round our island, and its power is more predictable and constant than wind or solar outputs. We have available two dynamic forces: the tides and the waves. Tidal energy has often been discussed in your Lordships' House, but why, since government policy to dispense with fossil fuel was established in the Climate Change Act 2008, have Her Majesty's Government been so slow in furthering tidal power? Can the Minister account for that? Has pressure by the fossil fuel companies played a part?

Wave energy—my main theme—risks the same dilatory attitude from the Government. The northern coast of the UK is one of the best sites for development, because the westerlies blow in temperate zones so strongly in winter and make the waves more turbulent where the North Sea meets the Atlantic Ocean. The potential of waves was being discussed when I had responsibility for gas safety in the Health and Safety Executive as long ago as the 1980s. Then, technical problems deterred pursuit, but that was before the climate emergency was generally understood, with enough traction to influence policy.

Although the first patent for extracting energy from waves was taken out in France in 1799, and experiments in the use of wave power have been in play since 1890, the first commercial wave power device in the UK was not installed until 2000, on the coast of Islay in Scotland, and connected to the national grid. A marine energy test facility was established in 2003 in Orkney, on the edge of the Atlantic Ocean, to kickstart development of wave and tide energy technology. I understand three developers are using it. Research and development is being carried out in the universities of Edinburgh, Bristol and Lancaster, in the Norwegian University of Science and Technology, in the United States Naval Academy and in MIT.

It has been established that, while solar panels with efficiencies above 10% are considered viable, wave energy converters can have efficiencies of over 50%. The power density of waves is very large indeed. Wave energy can be taken directly into electricity-producing machinery and used to power adjacent generators and power plants.

Ministers have repeatedly said that we need baseload power for when the wind does not blow and the sun does not shine. This is where waves come in. I ask the Minister: what progress have the Government made?

Of course, there are technical and environmental issues to deal with—infrastructure and offshore grid connections. Attention needs to be paid to the possible effects on marine ecology as well as on fishing and navigation. However, huge strides have been made and much has already been learned from projects over the years. In the USA, Australia, Italy, China, Denmark, Portugal, Sweden and Gibraltar, development work is going on, but here in the UK there seems to be only some research and a small amount of installation. Our research funding is comparatively low.

The energy security strategy outlined in the other place on 19 April and later here made no mention whatever of tidal or wave energy. Surely wave energy must be a greater part of the mix of sources for us. What investment have Her Majesty's Government made so far in developing market-ready wave energy devices, and how will they encourage this most promising avenue of renewable energy? Can the Minister assure us that a boost for wave power could form part of the energy security Bill promised in the Queen's Speech?

4.36 pm

Lord Bilimoria (CB): My Lords, the gracious Speech in Her Majesty's Platinum Jubilee year starts with the Government's priority being to grow and strengthen the economy and help ease the cost of living crisis for families. It talks about supporting the Bank of England to return inflation to its target by establishing an infrastructure bank. I am proud to have worked with the British Business Bank and I pay tribute to it for increasing its book from £8 billion to £80 billion through the pandemic.

The gracious Speech talks about championing international trade, and I pay tribute to the Department for International Trade for rolling over 66 EU bilateral agreements in time and the new free trade deals with Australia and New Zealand, on which I had the privilege of working closely with it as president of the CBI. We are now in the midst of the FTA with India being negotiated with an objective of completing it by Diwali. Last week, I was in India launching the UK-India industry task force between the CBI and the CII.

The gracious Speech talks about investing in our gallant Armed Forces. I remember the debate that we had in this House on the 70th anniversary of NATO in 2019, and I remember very clearly then—three years ago—saying that we should increase minimum spend on defence from 2% to 3%. I may boast, but I think that I was prescient. Would the Government agree that we need to do this now after the sad Ukraine war?

The gracious Speech also talks about the Commonwealth Games in Birmingham. I am the proud chancellor of the University of Birmingham and we are at the heart of these Games, with the athletes' village in the university and with the baton relay being sponsored by us going to all 72 Commonwealth countries and territories around the world as we speak. Hockey and squash are also taking place at the university and there is a business event at our exchange building in the middle of Birmingham.

[LORD BILIMORIA]

I have been president of the CBI for nearly two years now. My tenure started with completing Brexit, then we had the Covid pandemic out of nowhere and now the Ukraine war; I suppose I will be known as the “crisis president”. It is a fragile recovery—already fragile before the Ukraine war—with supply chain challenges, labour shortages, very low employment but energy price inflation, indeed inflation across all parts of industry. In fact, there is a danger of wage-price spiral inflation and a danger of inflation with no growth—stagflation. I first challenged the Government by asking the Chancellor in a meeting in February last year if he was worried about inflation. Businesses are now feeling the chill. There is a cost of living squeeze on firms and on consumers. We are very worried.

And what has happened? Taxes have gone up; national insurance has gone up by 1.25% for employers and employees. This is the worst time in history to have the highest tax burden in 71 years. The Chancellor talks about reducing taxes in 2024 by 1%. We should reduce taxes now, because businesses and consumers need the help now. What is the point of this Government having spent £400 billion, which is fantastic, to save our businesses and our economy and to have a vaccine programme that was world-leading? The tennis analogy is that we take a back swing—that is, we spend the £400 billion—and we hit the ball, but if we stop there then the ball will go into the net because you need to follow through to get it over the net. The Government need to be bold enough to follow through.

The Government have cut fuel duty by 5%, but our fuel prices remain some of the highest in the world. There has been support in the shape of VAT cuts on energy-saving materials. The energy Bill that the gracious Speech speaks about is great. Big and better nuclear is terrific and small modular reactors are fantastic. Working with countries such as India on solar will be great. The hydrogen investment road map is terrific. Investment in the energy-intensive industries compensation scheme is great. But we need to extend and broaden the recovery loan scheme. Do the Government agree? We need to create a growth guarantee scheme as a long-term replacement. Do the Government agree?

I sit on the advisory council of the Chancellor's fantastic Help to Grow scheme for SMEs, but we need far more incentives for businesses to invest and grow. In green finance, we need to leverage North Sea production as the UK transitions, because going to net zero is not an on/off switch; it is a transition. Do the Government agree?

I believe hydrogen is the future. I am the chancellor of the University of Birmingham, which created HydroFLEX, the world's first retrofitted hydrogen-powered train, up and running at COP 26—a great collaboration between universities, businesses and government to create world-beating innovation.

We have great clusters in this country. We had the Oxford/AstraZeneca vaccine, produced by AstraZeneca based in Cambridge in conjunction with the Serum Institute of India, the largest vaccine manufacturer in the world, which produced 2 billion doses of it.

The super-deduction is a great idea by the Chancellor, but it is being taken away in 2023. Do the Government agree that we need a 100% deduction for investment in

future? In innovation and R&D, we need to invest more than 1.7% of GDP. America and Germany spend 3.1% and 3.2% respectively. Just imagine if we spent at that level.

I shall conclude with this point. From the start of the war on 25 February, the CBI has been working with the Ukrainian ambassador and his team on a humanitarian basis, with medical products, ration packs and food boxes. No wonder the Edelman Trust Barometer has found that business is the most trusted institution. This is business as a force for good.

4.42 pm

Lord Hunt of Wirral (Con): My Lords, I draw attention to my entry in the register of interests, particularly to my partnership in DAC Beachcroft and my role as senior independent director of LINK.

I want to focus today on competitiveness, although it is a pleasure to follow the noble Lord, Lord Bilimoria, with his compendium of ideas for how we can build stronger foundations for the long term. As we seek to emerge from the pandemic and deal with the immediate problems of economic stagnation, falling real incomes and the situation in Ukraine, it is vital that we look to the longer term.

I strongly agree with my noble friend Lord Forsyth about the dangers that lie ahead, but I welcome the financial services and markets Bill and the commitment by Ministers to require regulators to take account of the need to promote competitiveness, although I am fearful that this is all going to end up as another missed opportunity. As my noble friend the Minister stressed, we all recognise how vital financial services are to our economy. More needs to be done to ensure that the UK, and the London market in particular, not only maintains its position but advances it significantly.

The remarkable concentration of capital and expertise in the London market attracts business from right across the world. That capital and expertise is highly mobile, and the international insurance market is innately competitive. Consequently, our regulatory system—not only its statutory powers but its character—is inevitably a factor in both the perception and the reality of the UK as a place to do business. What is needed is not yet another reorganisation and rebranding of the regulators. The system of regulation created in the wake of the 2008 financial crisis is not fit for purpose and is not working in the best interests of the nation.

If, once this new legislation is on the statute book, the same people then turn up to the same offices and the same desks, with much the same powers and, all importantly, the same culture and attitudes, nothing will have been achieved. A profound change in culture is required, and transparent and generally accepted metrics must be in place to enable us to measure and scrutinise the true extent of that change.

Creating a competitiveness duty for the regulators in the UK is a core part of maintaining the UK as a leading global and international insurance and reinsurance market—but words are not enough. Our own Lords Industry and Regulators Committee, in its letter to the Economic Secretary on 6 April, rightly observed that the introduction of a competitiveness objective alone would not be sufficient to tackle concerns around the inflexible regulatory structure.

Success depends on establishing an approach to regulation that focuses on risk and sets the right rules for the right firms in the right way. That has to be accompanied by publicly disclosed performance criteria so that Ministers and Parliament can rightly hold regulators to account. This must include annual reporting against clear objectives. It should also include international benchmarking against other regulators. So there has to be real clarity within the Bill about delivery, setting out the parameters and reporting requirements in some detail, just to ensure that this is no tick-box exercise. This legislation is an ideal candidate for pre-legislative scrutiny. Ideally, this would be undertaken by Members of both Houses—all the expertise we have is already in place.

The Bill will seek to underpin the provision of cash across the UK. In my capacity as a director of LINK, I look forward to hearing more about that, and I am confident that the good work that has already been done will be fully acknowledged and built on.

In closing, I dare say that the Government will be able to muster sufficient support in another place for whatever they propose, but I implore my noble friend the Minister to take full advantage of the considerable expertise that is available in this House, sooner rather than later.

4.47 pm

Lord Wood of Anfield (Lab): My Lords, it is a pleasure to follow the noble Lord, Lord Hunt. I will make some remarks on the macroeconomic aspects of the economic challenge that we face.

Of course, we all know that this is a dual economic crisis: it is a crisis at household level as inflation soars—it is predicted to exceed 10% in a few months—and it is a macroeconomic crisis of stagflation, or inflation and constrained growth combined. No one should pretend that addressing stagflation is easy if you are in power, as a lot of the people on these Benches know from the past. To some extent, this is of course a global challenge and not a UK one, although I take the comments of the noble Lord, Lord Forsyth, on this issue, which were as stimulating as ever. But it is important to understand that there is a UK variant of this economic shock if we are going to get the policy-making response right. That is what I want to talk about briefly today.

Of course, everyone has suffered from two huge impacts—Covid and the Ukraine war—and the supply problems and commodity shocks that have come from those two crises. But, to understand how the UK should respond, we have to understand three things. First, we have to understand how serious the risks of recession are, as economic activity slows down, as well as the dangers that come with escalating prices. Secondly, we have to understand how much domestic inflation is caused by these external shocks and how much is caused by wages chasing inflation. Thirdly, we have to understand what country-specific factors lie behind inflation in the UK.

On the first issue, the risk of recession, most commentators, including the Bank of England—to the extent that it is a commentator—say that we are on the brink of a recession, or at least a very significant slow-down. The second largest hit to household incomes

since records began is coming our way. Consumer confidence is at the lowest it has been for nearly 50 years. The OBR says that living standards will fall by the largest annual amount since records began 65 years ago. In my view, the risks of recession should worry policymakers as much as inflation. I suspect that, in six months, they will worry us much more.

On the second point, of how much inflation is driven by supply shocks versus a wage-price spiral—various people have talked about this issue—the evidence is quite complicated. The UK is an odd case in this regard because, like the US, where economists suggest there is clear evidence of excess demand as wages chase prices across the economy, the UK has tight labour markets and inflation is well above target. But unlike the United States, there is little evidence so far that our inflation is at the moment being fuelled by a wage-price spiral. The latest ONS data in February shows that regular pay fell year on year in real terms. The one area in which that is not true, by the way, is financial services, where large bonuses have kept overall pay growth higher. However, we do not at the moment have a systemic economy-wide wage-price spiral problem—though that is not to say we should be complacent. But we have a serious problem of lagging real wages in much of our economy, which is a key issue because it means that the Government have much more fiscal room to counter an upcoming recession than they might think.

On the third issue, the UK-specific factors behind inflation, again the UK is an odd case in one important respect—Brexit. Brexit has caused UK-specific inflationary pressures, and for a few reasons: the depreciation of sterling in the aftermath of the referendum; additional barriers at the border; raised costs; and trade barriers protecting domestic producers from efficient competition. What we have not seen, interestingly, is inflation driven by the labour shortages that Brexit accentuated. IFS studies suggest that, with a couple of exceptions, those have not led to accelerating wage growth.

That is the bad news. The good news is that we do not have a broad-based spiking of wages due to a Brexit that is causing raging inflation. This suggests that, while inflation is causing huge pains to millions of households, the far bigger risk for the UK is the unhappy combination of energy price hikes, higher food prices, fiscal tightening and monetary tightening, all leading by the end of the year to a serious slowdown and even recession. A concern about the horrific impact of the cost of living crisis on struggling families and a macroeconomic concern about the dangers of reinforcing the drift towards recession point the same way, in my view: towards the Government taking urgent, sizeable steps to stimulate the economy. By far the most efficient and targeted way of doing this is through not tax cuts but the benefits system, helping those who need it most and whose incomes are not keeping up with rising prices, who have no savings to rely on and no access to other wealth. This could be financed in various ways, such as through borrowing or the windfall tax, which noble Lords would expect me to talk about.

I will say one last word on the windfall tax. If it is designed properly and targets genuine, supernormal profits, the idea that it will undermine investment is

[LORD WOOD OF ANFIELD]

incorrect because investment plans do not rely on supernormal profits. If they do, they are not very good investment plans. Spain, Italy, Bulgaria and Romania have introduced them and France has enforced big price reductions on EDF. Germany's coalition is debating one and Biden's congressional Democrats have proposed one. From what Ministers have said in public, in coded and less coded ways, I am actually hopeful that the UK looks like it may follow suit. If so, it will be not just for the families but for the macroeconomic health of our economy that it happens.

4.52 pm

Lord Teverson (LD): My Lords, I declare my interest as a director of Aldustria Ltd, which is into battery storage. We absolutely have an energy crisis at the moment, and it is multidimensional. The statistic that struck me most was that, in October, we can expect average—I repeat, average—energy household bills to approach £3,000. That level will, I suspect, affect some of the decisions that we in this House will make, let alone those who are far less well-off than we are privileged to be as Members of this House.

A bit like inflation, where the risk is that it becomes endemic, as the noble Lord, Lord Forsyth, said, an energy price increase at that level will not go down quickly. Through the aggression of Russia, the situation in Ukraine means that the chess pieces on the energy board are not going to stay put; they are going to move around and, if anything, get worse over the next few years. Our main concern has to be the effects of that on households and the broader economy. As we have seen, those with prepayment meters—their only source of energy, in many ways—have already stopped putting finance into those meters. That is a leading indicator of where we are going in this crisis.

I very much welcome that we have in the Queen's Speech, and coming down the legislative road, the energy security Bill. I am sure there are some parts of that that are really important, not least such things as the future systems operator—it all sounds very technical—but we absolutely need a revived strategic approach to our energy networks. Already, getting access to the grid, whether it is for renewables or for batteries, is extremely difficult. I just do not see a pathway through in the short term, whereby we can bring many of those renewable resources on board, let alone energy storage as well, which makes some of those renewables work.

Back in November 2020, we had the Government's *Ten Point Plan for a Green Industrial Revolution*, and just before we finished the last Session of Parliament we had the energy security strategy. To me, there was a big difference between the two, and it was at point 7 in the green industrial revolution, on the very tedious subject of energy efficiency. Energy efficiency is really boring; it is all about bringing down the demand for energy. I sometimes think that, in energy policy-making in the Government, we have gone back to the thinking of the Central Electricity Generating Board of the 1960s: there is going to be an energy crisis, so build, build, build. Of course, we have to do that, but what we need to do as well—and we are smart enough and we have the systems to do it these days—is manage demand.

I was brought up as an economist, where you dealt with supply and you dealt with demand—you dealt with both. We seem to have forgotten that entirely. It is in the area of heat and buildings, where the Government have a strategy, that we need to get energy efficiency right.

The Climate Change Committee was mentioned earlier in the debate, and I shall quote its thoughts on the *Heat and Buildings Strategy* in its report that came out earlier this year, I think in March:

“plans are not yet comprehensive or complete—it is talking in its usual very restrained way—“and significant delivery risks remain”

across the strategy. My absolutely fundamental question to the Minister is whether the energy security Bill will bring back that other half of the economy—demand, as opposed to supply. I would like him to answer that key question.

The only other questions I would ask are these. When do the Government predict that we will finally manage to decouple electricity prices from gas prices? That has to be an absolute target, to get us out of these sorts of things in the long term. Finally, coming down to the micro, what are the Government going to do particularly around those consumers on prepayment meters who will, in many ways, be discriminated against in the restricted strategies that we already have to help consumers with their energy bills?

4.58 pm

Baroness Bennett of Manor Castle (GP): My Lords, I declare my membership of Peers for the Planet and I shall speak chiefly to my amendment. I tabled this amendment because, during recess and subsequently, on school and community visits, in the light of the fact that the World Meteorological Organization has just predicted that there is a 50% chance that in the next five years the world will break 1.5 degrees above pre-industrial levels—the maximum that Paris identified as bearable for people and planet—I saw a huge amount of fear and despair, and desperation about the climate and nature crises. We need to acknowledge the impact of that on mental health and well-being, as well as the very great dangers, highlighted by the right reverend Prelate in his powerful maiden speech.

The ways forward are known; they have been worked through and worked out. Indeed, I have to make mention, since it is my first time back in the House, that they proved very popular, as reflected in the wonderful Green Party local election results that we have just enjoyed.

I will run very briefly through the four elements of this amendment. The first is the climate and ecology Bill, which I believe the noble Lord, Lord Redesdale, has indicated that he plans to bring before your Lordships' House. It acknowledges that the climate and nature crises are deeply interrelated. I must note at this point that the Office for Environmental Protection, created under the Environment Act, in its first major intervention and report, has warned the Government in the strongest terms that our nation's nature is at risk of desperate tipping points. It warns of a massive loss of wildlife further to our already depleted levels, of a fisheries collapse and of dead rivers. To quote Dame Glenys Stacey:

“A sustainable environment is not just nice to have but essential for human wellbeing, progress and prosperity.”

I do hope the Government will listen to that report.

Also in the amendment is the green new deal, acknowledging the need for investment in energy efficiency, as the noble Lord, Lord Teverson, set out. The noble Baroness, Lady Hayman, spoke about onshore wind and the noble Baroness, Lady Whitaker, spoke about harnessing the power of our oceans.

The amendment also calls for abolishing the maximising economic recovery duty. I note that we have just marked our six-month anniversary as chair of COP 26. I look back to that meeting in Glasgow, where global experts and independent people said, “You, the UK, as chair of COP 26, must commit to no new oil and gas”.

Finally—this might be the surprising element—the amendment calls for the extension of the right to roam. That reflects the fact that our Environment Agency has been slashed back and is desperately struggling to protect our natural world. Indeed, we have more threats to it. Citizen scientists are out there right now sampling our rivers, looking at our wildlife populations and doing huge amounts of work. The right to roam gives people the chance to fill in where the Government have failed and also of course gives them the chance to develop a love of nature to protect it.

I have two final extra points. The opening words of the Speech were:

“My Government’s priority is to grow ... the economy”.

I question the deliverability of that, as other noble Lords have done. But, more, I strongly question its wisdom. We have been chasing growth, with varying levels of success, for decades—and look at the state of our society. The cost of living crisis is not a new thing arising from energy crises but a decades-long struggle, as marked by the rise of food banks. Who are we growing the economy for? Are we just making the few even richer?

Finally, I do have to point to one of the many signs of intellectual incoherence in the Government’s programme. The Speech contains the financial services and markets Bill, where we hear talk of increasing competitiveness and cutting red tape, but also the economic crime and corporate transparency Bill, which acknowledges the fact that we have a huge corruption problem in the UK and that the City of London is not just a creaking galleon with a few rotten apples in its barrels but a ship rotten to its timbers and decaying in its sails. Avoiding shipwreck and protecting the security of us all requires strong medicine and controls, not setting sail for the open seas on course for one of our nation’s many tottering tax havens.

5.03 pm

Lord Wakeham (Con): My Lords, I am tempted to start by saying that, for the last three or four speeches I have made in the House, I have been preceded by a bishop. I always thought that the people who organise these things thought that perhaps it was a good idea for a bishop to speak before me; however, the noble Baroness made her speech—a lot of it quite controversial—in her normal style, and I enjoyed listening to it.

When I was listening to the Queen’s Speech, given by the Prince of Wales, and some very sensible remarks were made about energy, I remembered that it was

over 30 years ago that I privatised the electrical supply industry. That is a very long time ago, and it was interesting for me to think about that—and about what we were thinking about at the time. We have made a success of some of these things, but not of others.

I remember three things which concerned me at the time. First, we had to create an industry that could take its place in a market economy where there was competition, which would be for the benefit of consumers if we could do it. Many people have been in charge of these things over the 30 years since I gave it all up, and I think we have had some success—but there is still more to do.

The second thing we were concerned about—which was relatively new for us at the time—was dealing with the question of renewables, which had not really been part of the scene at all. The policy I tried to bring in was to say that renewables are important, but that they would not really survive unless they could survive in a market economy, producing electricity at a price that consumers would pay. However, in order to get there, it was right and proper that Governments should give assistance to the companies that were developing the renewable industry in order to get them going.

Well, I must say, 30 years on, that the situation is much more complicated and muddled. I get the impression that we are subsidising energy production that there is no need to subsidise, and that other types are not being subsidised which should be. I am delighted to hear that the Minister for Energy in the Commons has indicated that he is having a good look at that, because he too is not satisfied. So I think we are making some progress there, but there are still a lot of problems that must be dealt with and my fundamental view is that, if we are going to subsidise energy, we should subsidise consumers rather than energy producers, because they are the people who probably need it more.

The third area I was involved in at the time was a great plan to privatise the nuclear industry. I am afraid that I had to go to the House of Commons to make a speech to explain that it just could not be done. It was impossible to find any reliable evidence at all about what it would cost, and they had not really started to think about what the decommissioning costs of the nuclear industry were at that time. The plan had to be withdrawn. I have to say, 30 years on, that I do not believe we have made the progress with the nuclear industry that we ought to have made; it really is a disgrace that we still have not got our act together. I am pretty certain that any sensible nuclear industry will avoid building power stations the size of Hinkley Point and Sizewell, and that smaller nuclear energy projects are the way to go.

This is very important because, if one considers the question of climate change—which I will finish with—I do not believe that we can get to net zero by 1950 without a substantial increase in nuclear power. At the moment, something approaching 80% of our energy is still produced by using fossil fuels. There is a great deal to be done, but I think we stand a chance.

I will finish with this: if we succeed, as I think we might, in getting near to net zero by 1950—

Noble Lords: 2050.

Lord Wakeham (Con): 2050—I am just 100 years out. Even if we get to that, a lot of countries in the world will not. Two things follow from that. The first is that climate change will not be significantly improved. We in this country produce 1% of the world's emissions, so if we have all the struggles and make the vast expenditures but other countries do not, we will not have achieved anything so far as climate change is concerned.

Secondly, if we have spent an enormous amount of money improving our electricity and getting it all done, our electricity will almost certainly be more expensive than it is in other countries. There is a danger we have to watch, as the heavy industrial users of electricity will build their factories in other countries, not in those that have spent all that money on this. We have the time to deal with this, but we have to be very careful that that is not the end result of what we do.

5.10 pm

Viscount Chandos (Lab): The Government

“will drive economic growth to improve living standards and fund sustainable investment in public services. This will be underpinned by a responsible approach to the public finances, reducing debt while reforming and cutting taxes ... Ministers will support the Bank of England to return inflation to its target.”

It is worth repeating these few words from the Queen's Speech, at first so bland and uncontroversial but, on further consideration, highlighting the challenges and choices the Government must face.

Exactly whose living standards will the Government prioritise improving? Must any improvement for any income group await the promised economic growth? How will the Government strike a balance between investing in public services, reducing debt and cutting taxes? Apart from supporting the Bank of England, what will the Government do to reduce the rate of inflation and to mitigate its impact on the most vulnerable households? Neither the Conservative Government's record nor the Bills proposed for this new Session of Parliament provides any encouragement that these challenges are being met or difficult choices made.

I look forward to the consideration of the UK Infrastructure Bank Bill, establishing a much-needed infrastructure bank to replace the funding provided by the Green Investment Bank and the European Investment Bank, as the noble Baroness, Lady Kramer, has already pointed out. The Minister—the noble Baroness, Lady Penn—said she looked forward to the new infrastructure bank being a long-lasting institution. Will the Minister who is winding up—the noble Lord, Lord Callanan—therefore explain why the Government decided to privatise the Green Investment Bank barely five years after its formation?

Although there are other Bills proposed in the economic sphere, as the noble Baroness, Lady Penn, set out, a former Conservative Minister quoted in the *Financial Times* last week hit the nail on the head in saying:

“There is only one bill that matters and that's the finance bill”.

The macroeconomic framework is set by the Chancellor, the allocation of funds to departments is set by the Chancellor and the management of public finance is the responsibility of the Chancellor. So the Finance

Bill due towards the end of the year, and the day-to-day decisions by the Chancellor in the meantime, will define the Government's answers to the big questions posed in the gracious Speech.

Before I join the noble Lord, Lord Forsyth, in speaking briefly about the Bank of England's role in the control of inflation, I urge the Government, as he did, to at least restore the £20 per week universal credit uplift. The cost of living crisis is painful for many, but devastating for the lowest-income households, so many of which include people with disabilities.

The noble Lord, Lord Forsyth, delivered a forensic analysis of the Bank of England's performance. As a member of the Economic Affairs Committee when it conducted its inquiry into quantitative easing, under his chairmanship, I very largely agree. My sense of caution is that we should not overestimate the contribution of quantitative easing and monetary policy to the acceleration of inflation. My noble friend Lord Wood of Anfield argued this better than I could. Quantitative tightening and further increases of interest rates are likely to be required to bring inflation back under control, but the Bank needs to tread carefully to avoid triggering a severe recession.

I am also cautious about the Government seeking, as is their wont, to shift all the blame to a so-called independent body. The noble Lord, Lord Forsyth, set out the aspects of the Bank of England's governance where independence is honoured more in the breach. More than that, there is very strong evidence that there was day-to-day pressure at the start of the pandemic on the Governor of the Bank of England by the Chancellor to increase QE in line with the borrowing requirement, to which the noble Lord, Lord Forsyth, also referred. The Government's ability to shift all the blame to the independent Bank is a little limited. Most of all, that independence must be restored and honoured in the pursuit of monetary policy and quantitative tightening.

5.16 pm

Lord Londesborough (CB): My Lords, the spectre of stagflation is a stark reminder of the need to generate real economic growth, especially in challenging times. This, of course, is the only way to finance government spending in the long term so, as I listened to the Queen's Speech last week, I was looking out for a coherent economic strategy to underpin the very first line of the Address—

“Her Majesty's Government's priority is to grow and strengthen the economy”—

but, amid the sea of 38 Bills in the new parliamentary programme, I am afraid that I struggled to detect such a strategy.

The Prime Minister's call “to turbocharge the economy” is rather hollow without a fully firing economic engine. Indeed, it has echoes of the much-vaunted “oven-ready” Brexit deal which, it turned out, lacked some very basic ingredients or, some might say, a functioning oven.

As the noble Baroness, Lady Kramer, pointed out, to boost living standards in real terms, we need sustained growth in productivity—something we have not seen in more than 10 years. Since 2010, the UK's productivity

as measured by GDP output per hour has grown by just 4%, according to the OECD. Let us put this in context. France saw an 8% gain in productivity over the same period, Germany almost 10%, the US more than 10%. Current UK productivity lags both France and the US by a deeply troubling 15%.

I ask the Minister what lessons, if any, the Government are drawing from other countries and how that might inform their policy in such a crucial area. We must urgently solve the productivity puzzle, not just to generate real economic growth at home but for global Britain to compete effectively in world markets. Our current exports are down by almost 20% on pre-pandemic levels. In business, which is my background, we are taught to turn threat into opportunity. Although the recent slide of sterling against the dollar will add to imported inflation, it makes British exports that much more competitive in Asia, the Middle East and the Americas. We need to seize such opportunities.

Above all, we need a more qualitative approach to economic strategy. The Prime Minister says,

“jobs, jobs, jobs is the answer.”

Aside from his questionable syntax, I fear that he misses the point. The UK economy has generated plenty of jobs—unemployment sits at just 3.8%—but it is delivering low growth and record trade deficits.

Ask employers: they will tell you that there is little point in creating more jobs if you cannot fill existing vacancies. There is an acute shortage of both skilled and unskilled labour across the country, and that is damaging economic growth. By improving the productivity of our workforce, pay rises are earned and reflect increased output, rather than being inflationary. Yes, many factors impact productivity, including business investment—which, in the UK, has fallen to critical levels—infrastructure, technology, education and training and, now, working from home, but that is why you need a joined-up approach, a coherent strategy.

I have time to touch on only one of these factors, which is education: educating and training our workforce of the future. Back in his Autumn Statement, the Chancellor told us that per-pupil funding will return to 2010 levels in real terms by 2024, so we are talking about 14 years to return to where we were in 2010. Over this period, public spending on health will have increased by over 40%, compared with a nominal 2% for education. That is not investing in our future. We should take a leaf from the private sector, which lives or dies on productivity, profit and loss, return on investment and, above all, competition. Government policy should align itself far more closely with those factors in order to generate real and sustainable economic growth.

5.20 pm

Lord Young of Cookham (Con): My Lords, I agree entirely with what my noble friend has just said about the imperative of driving up productivity, but I want to speak on a niche subject which has not been addressed at all so far in the debate but which is highly relevant to the commitment in the Queen's Speech to “a responsible approach to the public finances”.

Under current policies, there will be an annual hole of £30 billion in government revenue because revenue from fuel duty and excise duty on cars will entirely

disappear as electric vehicles are exempt. By 2030, the loss will be roughly tuppence in the pound, and if no action is taken there will be windfall gains for drivers against non-drivers, public transport will become more expensive at time when it needs to be encouraged, and there will be an increase in congestion and, crucially to the debate today, a large hole in government finances. We should think now about an alternative basis for replacing this lost tax, and I believe the case for road pricing is overwhelming.

While my noble friend Lord Wakeham was busy privatising the electricity industry, I was Transport Secretary and advocated the policy, but I discovered it was a matter not for the Transport Secretary but for the Treasury. The case is much more powerful today because of the advent of electric vehicles, the successful introduction of new technology with the congestion charge and automatic number plate recognition, and the need to make more intelligent use of a finite resource; namely, road space—no one suggests building our way out of congestion. Road pricing can do this with differential rates for congested routes, different rates for different times of the day and week, bringing it into line with other forms of transport, and exemptions for people with a disability, which you cannot do with fuel duty.

Ministers may be concerned at the hostile reaction to the policy when it was last floated. In 2006, Lord Darling—Alistair Darling as he then was, the Transport Secretary—announced that a pilot scheme would be decided by 2007 and would be up and running within five to six years, promising a 40% reduction in congestion with only 4% fewer cars on the road. The policy was abandoned two years later after a hostile public response. I believe that today's response will be different. A survey carried out last year by the Social Market Foundation indicated a major shift in public opinion. Of 3,000 adults surveyed, more respondents supported road pricing as a replacement form of taxation than opposed it: 38% to 26%. The Social Market Foundation has published today a paper, *Miles Ahead*, which sets out a compelling case for road pricing.

I understand the concern that people may have about their car being tracked, but the reality is that that is already happening with ubiquitous CCTV and automatic number plate recognition, and if you carry a mobile phone with you, you are being tracked. This is not just a proposal from a Back-Bench Peer. The Transport Select Committee in the other place recently published a report which concluded that road pricing should be implemented. My question to the Minister is this: will the response to the Select Committee report confirm that road pricing is being actively considered?

I have a second niche subject, this time relating to the commitment in the Queen's Speech on climate change and net zero. It has a common element with my first suggestion in that it relates to electric vehicles. As other noble Lords have said, over the next few years we will become more reliant on sustainable energy resources: wind, hydroelectric and solar power. The problem is that these sources are intermittent, and there is therefore an imperative for economic means of storing the electricity to avoid reliance on fossil fuels.

[LORD YOUNG OF COOKHAM]

The Climate Change Committee has estimated that by 2030 there will be 16 million electric vehicles, each with a capacity of 60 kilowatt hours. My noble friend on the Front Bench will be able to say exactly how many power stations that equates to. These vehicles are unused for 90% of the time and, for the most part, will be parked outside homes at the time of peak energy demand. They can be recharged in the small hours of the morning at times of low demand, and 72% of homes have off-street parking. So my second niche question to the Minister is: what is being done to promote this new source of energy and to iron out the peaks and troughs of demand for energy? In particular, what is being done to promote connectivity between this potential source of stored energy in motor vehicles on the one hand and domestic energy supplies and the national grid on the other?

5.26 pm

Baroness Noakes (Con): My Lords, it is a pleasure to follow my noble friend Lord Young. I agree with what he said on road pricing, although I suspect there will be several more Queen's Speeches before that sees the light of day.

The gracious Speech contained a number of Bills designed to underpin growth in the economy, as a number of noble Lords have pointed out; I certainly support that aim. I also support the majority of the Bills, although some will need careful scrutiny. My litmus test for any legislative programme is that it should have less intervention by the state and more encouragement of private sector enterprise. At first sight, not all the planned Bills pass that test with flying colours.

Noble Lords will not be surprised to find that I warmly welcome the Brexit freedoms Bill. However, I have to say that I felt rather world-weary when the gracious Speech announced that business regulations "will be repealed and reformed."

We have heard all that before. Fundamentally, the business sector wants to be left to get on with the job of creating wealth and jobs. That means fewer regulators, fewer regulations and less invasive regulation. I shall be delighted if the Government really deliver a paradigm shift this time, but I am not holding my breath.

Creating growth in the economy is the only way to escape from the economic position in which we find ourselves. The Government's policies on Covid have left us with significant levels of debt, as well as an NHS backlog that will be expensive to deal with. As we have heard, the Government's task was made much harder by the emergence of high and persistent inflation. There was nothing in the Queen's Speech on the impact of inflation on the cost of living, but more action will undoubtedly be needed.

My right honourable friend the Chancellor of the Exchequer has no easy options. Debt is already too high. Equally, the tax burden is far too high, and we need tax cuts rather than more taxes if we are to create an environment that encourages investment and growth. The Chancellor will be well aware that windfall taxes are not problem-free solutions, as they undermine our attractiveness as a destination for inward investment.

The Labour Government handed monetary policy over to the Bank of England 25 years ago and told it to keep inflation low. The Bank of England has failed in this core mission. Global central bank groupthink has kept quantitative easing in play for far too long, and loose monetary conditions have led to the inevitable rise in inflation and the spectre of a wage and price spiral, as a number of noble Lords have identified. The Governor of the Bank of England was tone-deaf when he suggested that people should not expect wage rises to cover inflation. He needs to get out more and understand how precarious the finances of many people in this country are.

Over the last 25 years the Bank has been loaded with many extra tasks. It has also accumulated extra objectives, the latest being to assist in the transition to net zero. It is perhaps not surprising that the Bank of England has lost its way. Central bank independence will be a policy failure in the UK if it continues to exist without proper accountability, and I suggest that the Government really need to start to focus on this.

This brings me to the financial services and markets Bill, which I am looking forward to scrutinising—although my noble friend Lady Penn may not welcome that. Those of us who took part in the last Financial Services Bill know that there is a big outstanding issue of securing proper parliamentary scrutiny of the actions of the Bank when it gets additional rule-making powers as part of the repatriation of powers from the EU. The Bank's failure to deliver its core inflation mission highlights that we need a wider debate during the passage of the Bill about the accountability of the Bank and how best to achieve it. We cannot simply trust the Bank to get things right.

There were many things that should have been in the Queen's Speech but were not. The one thing I particularly regret is the lack of commitment to a radical simplification of our ramshackle tax system, but in view of the advisory time limit, that will have to be a speech for another day.

5.31 pm

Baroness Donaghy (Lab): My Lords, it is a pleasure to follow the noble Lord, Lord Young of Cookham, and the noble Baroness, Lady Noakes—the yin and yang of the Conservative Party.

As the value of the pound dips, retail sales drop, public confidence drops, car fuel sales drop and the purchasing managers' index drops, the Governor of the Bank of England has said the situation is unprecedented. It is not, of course. Replace the invasion of Ukraine with the 1970s OPEC blackmail and the situation is quite similar.

In the next couple of years, the Executive will replay the full panoply of blame. The Cabinet are totally brilliant at blaming everyone else: the Bank of England, civil servants, trade unions, lefty lawyers, even the House of Lords. They will be on full military alert to escape responsibility for the mess they have made—signing international agreements then threatening to renege on them, making laws and then breaking them, enriching their friends, and at the same time attacking the lowest paid and most vulnerable workers in Britain.

Households face the biggest cut in their living standards since the 1950s. Private rents are rising at a record rate, and would-be tenants outnumber available properties by more than three to one. In the most deprived areas in London, life expectancy drops by 12 years compared with the least deprived. You can walk to and from the extremes in some cases. Women living in the poorest areas of England are dying earlier than the average woman in all other OECD countries except Mexico.

The Government's levelling-up debate paper aims to narrow the gap in healthy life expectancy, but to do this they have to improve access to decent housing, healthy food, unpolluted playgrounds and parks, employment opportunities and an improved benefit system. Government action is doing the opposite: postponing implementation of the buy-one-get-one-free legislation and failing to put forward an employment Bill in the Queen's Speech. The TUC general secretary Frances O'Grady accused Ministers of conning working people, especially after the scandalous events at P&O. Matthew Taylor, who wrote the report on employment practices two years ago, noted that the Government were "failing yet again" to act on the recommendations of the good work review.

The Queen's Speech stated:

"Her Majesty's Government will drive economic growth to improve living standards",

but the Women's Budget Group has shown that austerity policies, low wage rises and cuts to social security have left women even more vulnerable to poverty. Increasing benefits by 7% and improving employment protection and childcare rights would go some way to alleviating these hardships.

One solution might be to abolish the Treasury, as suggested by Westlake and Haskel. It is unique in western economies in combining control of government expenditure, public credit and taxation and an economic ministry meant to stimulate economic growth. It controls the political news cycle, is addicted to policy initiatives and, as Westlake describes,

"disempowers other government departments, putting civil servants who are often experts in their field at the mercy of brilliant but inexperienced young Treasury officials."

But it will not happen. The people who run this country quite like having the equivalent of the headmaster's study in charge.

We are in for a bumpy ride in the next two years. We need to stick together, mitigate the worst of the damage and trust in the British people at the next general election to dismiss this disreputable Government.

5.36 pm

Lord Bridges of Headley (Con): My Lords, as others have remarked, the spectre of stagflation now stalks our country. The make-believe world we have lived in of record low rates, inflation supposedly under lock and key, and the magic of QE has all been shattered. As others have said, the core question that overshadows the entire gracious Speech is simple: what is the strategy to tackle the economic crisis?

Before I turn to the Government's programme, which I want to focus on, I will say a word about the Bank of England, which my noble friend

Lord Forsyth and others have spoken about. As he said, last July the Economic Affairs Committee warned:

"If the Bank doesn't act to curb inflation it will be much more difficult to rein in later."

We asked the Bank to explain how it will curb inflation if it is more than just short term. The answer we got in September was that above-target inflation is likely to be "transitory"—that was the word. Clearly, the world has changed dramatically since then, and "I told you so" must be one of the most irritating phrases in the English language. But with independence comes accountability, and a number of noble Lords have made very good points and raised serious questions about what the Bank has and has not done. In due course, the Bank will have to answer those questions.

In the short time available to me, I want to focus on the gracious Speech. The first line states that the

"Government's priority is to grow and strengthen the economy and help ease the cost of living for families."

Let us just remember that sentence. If easing the cost of living for families is the Government's priority, why are they walloping them with higher taxes? Why are they hitting businesses with higher corporation tax and a jobs tax? Why are they risking sparking a trade war with our largest trading partner? Why are they clobbering the self-employed with IR35? I could go on—examples are legion—but it is strikes me that this Government say one thing and do another.

This incoherence would be bad enough in normal times, but it is highly damaging in this economic storm. As we face the very delicate balancing act between curbing inflation and encouraging growth, we need a Government with a compass, a map, a path that they stick to and, above all, a clear set of principles that governs their thinking. I am sorry to say that I do not see any of these things.

Looking ahead, I put three thoughts to your Lordships. First, the Prime Minister now talks of stopping irresponsible spending. I am not sure what he means by that. After all, this is the Prime Minister who proposed building a bridge to Northern Ireland, and whose first Budget before Covid struck meant that day-to-day departmental spending would grow twice as fast as the economy, which, as the IFS then observed, was

"obviously not sustainable for any prolonged length of time."

I will believe prudence has moved into No. 10 only when I see evidence of a change in ways.

My second point is that there is, however, one area where more spending is absolutely needed now: to help those on the lowest incomes. The Prime Minister told the other place that he wanted to cut the costs of getting a passport or driving licence. I am sure many of us would agree, but the people who need help now have not got the money to go on holiday abroad or often to own a car. Measures in the Spring Statement offset only about a third of the overall decline in real personal disposable income and that is why, as others have said, the Government should have made the £20 per week uplift in universal credit permanent.

My third point is on tax. As my noble friend Lord Forsyth and others have said, Treasury coffers will be boosted by inflation. But the cost of servicing

[LORD BRIDGES OF HEADLEY]

our gargantuan debt is set to hit an eye-watering £83 billion. Balanced on this financial precipice, we need to tread with extreme care. If there is room for tax cuts—if—I would look to help businesses, as they are the geese that lay the golden eggs. One fact is that we now rank 31st out of 37 of the OECD countries for tax competitiveness. That is nowhere near good enough if we aspire to be global Britain.

The Prime Minister said that the gracious Speech would get the economy “back on track”. I am sorry to say that I am not clear what track the Prime Minister is on, and I am not sure he is either. Unless we get that clarity fast, we risk losing our way in an ever more violent economic storm.

5.41 pm

Baroness Bowles of Berkhamsted (LD): My Lords, I identify with the comments on constitutional matters led by the noble and learned Lord, Lord Judge, on Thursday. During Brexit legislation much was made of requiring primary legislation for future policy change, but such assurances are worthless. We had disappearing assurances on an even shorter timescale with the Trade Act, which legislated independence of the Trade Remedies Authority. Liz Truss then changed the primary legislation to overturn the TRA's very first decision—a disastrous start reputationally all round.

I turn to the financial services Bill. Most of its procedures were front-run in the Financial Services Act 2021. Noble Lords on all sides were concerned about inadequate scrutiny. The Government said in their consultation response that they want Parliament to scrutinise and, sadly, the authorities in this House refused a sub-committee for financial services. I am very ashamed of that.

Although there is neither appetite nor capacity to replicate the intense EU level of scrutiny, there is no denying that the environment and dialogue it fosters is a resource for regulators as well as legislators. I am now hearing that our regulators are struggling with it, overwhelmed by their new powers, retreating to huggemugger with international regulators more, rather than creating the specific design for the UK that the Minister spoke of.

Solvency II will be a test. It was the invention of the then UK regulator—the FSA—taken to Brussels so that our industry would not be disadvantaged by stricter requirements. The UK bludgeoned France and Germany into legislation they hated. The UK Government and regulator bludgeoned UK rapporteur MEPs to do their bidding despite our reservations. Omnibus II corrected some but not all of the highlighted mistakes, including adding the matching adjustment.

At the time, the UK regulator sought more inflexible language than the Treasury or the final wording I negotiated. Now the PRA is actively choosing the inflexible approach. The new legislation will need to give an economically constructive steer, with scrutiny deep and frequent enough to expose monolithic and legacy-based thinking. To coin a phrase, “It's the economy, stupid”—and that applies to the balance of regulation.

Legislation on audit reform has been relegated to draft, but various outstanding matters do not need legislation. Sir John Kingman said that the FRC should “promote brevity and comprehensibility in accounts and annual reports”.

Instead, we have flawed standards, compliance to short timetables and “dog killer” reports dropping through letterboxes. The FRC has somewhat reformed itself, but there are still rotten patches. The worst is the Endorsement Board offshoot, which is dominated by individuals sourced from standard setters defending their legacy positions, who are used to marking their own homework and putting standards above the law.

I am not alone thinking this; the former ICAEW president Martyn Jones said the same presenting a well-received paper at this month's British Accounting and Finance Association's audit and assurance conference. What is needed above all else is for true and fair view, going concern and profits recognised for distribution to be applied and verified as it stands now in primary legislation, not overridden or obfuscated by the tertiary legislation of accounting standards.

I defy anyone to read the endorsement criteria assessment of IFRS 17 by the Endorsement Board or listen to its discussions and not notice the legacy thinking and gobbledegook used to justify the unjustifiable. Letters and emails that are coming to light show that private discussions are also happening which should be public. It is ripe for judicial review, not least because directors are more exposed after Brexit.

Under EU law, IFRS had primary legislative status. Accounts prepared according to it were deemed safe, even if there were differences to true and fair. That is in the Moore opinion, so relied on by the FRC and BEIS. There is now no primary law relating to standards, only tertiary legislation under the 2019 regulations No. 685. Can the Minister explain what extra steps have been taken in the light of this added risk for directors if standards are wrong?

5.46 pm

Lord Monks (Lab): My Lords, we know that the most vulnerable in our society are in for a very rough ride in the next few years and there is the real threat of a deep recession. Against that context, the Queen's Speech is a disappointment, offering little hope of easement to many workers. With the very rocky period ahead, a lot of people must be extremely worried at the moment. I join those who have called for another look at the restoration of the universal credit uplift, a measure that should never have been done away with.

My remarks today are about another omission from the Queen's Speech: a much-promised employment Bill, which has already been mentioned by my noble friend Lady Donaghy. Remember the manifesto of the Conservative Party in 2019, promising to make Britain “the best place in the world to work”?

Promises were scattered on sharing tips, extending sick pay, more predictable contracts, flexible working, extended leave, new protections for women on redundancy and sexual harassment, and others. Since then, there have been regular promises of this new Bill on these and other matters. We have counted 20 at least, with the hapless Paul Scully, the Business Minister, responsible for 18 of them.

The need for new laws is obvious to any fair-minded person. There are 3.5 million workers in insecure work in this country; half of them get no sick pay at all. Guess what many of them did when they caught Covid? Of course, they continued to work. It was not just in Downing Street that the Covid rules were broken. Our sick-pay arrangements are among the worst in the developed world. The Chartered Institute of Personnel and Development found that almost half of employees went to work feeling unwell. Our absence rate is less than half the European average and one of the lowest in the OECD. It is not because we are healthier, unfortunately—it would be a good thing if we were. As little as 19% of the average UK salary is covered by statutory sick pay, again putting us very near the bottom of the league of advanced countries. The more generous occupational pension schemes, which are common for people in the higher-paid sectors, leave many others, including factory workers, carers and retail workers, at the mercy of inadequate support. Is this the best place in the world to work? I do not think so.

Another worrying feature of the UK labour market that I will just touch on is the growth of fire-and-rehire practices. We saw this recently in the P&O Ferries case, which followed a similar occurrence at Irish Ferries a couple of years ago. We currently also see it in household-name companies such as Centrica, British Airways, Clarks shoes and even the Girls' Day School Trust, all of which have damaged their reputations by slashing terms and conditions of employment for employees. The boss of P&O even admitted deliberately breaking the law on consulting British trade unions—but we should note that he did not do that with the French and Dutch crews. The laws are much stricter in those countries, and we should match them in these kinds of protections. So I ask the Minister: when can we expect the much-promised actions that would make this country a much less nasty and brutish place to work, which it is for far too many of our fellow citizens?

5.51 pm

Lord Tugendhat (Con): My Lords, I feel that the circumstances in which this debate is being held are rather like those described in the American satirical film “Don't Look Up”, which many noble Lords may have seen. Those who have will remember that it is about a meteor heading towards earth. The President of the United States is warned about this, but she is so much engaged in safeguarding her own position, scoring points off her opponents and laying traps for those who disagree with her that her attention does not turn to this terrible thing until far too late. I feel that the same rather applies at the moment to the meteor that is heading towards us, to which so many noble Lords have referred: inflation. Indeed, it is not heading towards us; it has already arrived, to a great extent. What strikes me and obviously others in this debate is the complete absence of urgency in the Government's response. When one looks back on it, the Spring Statement is striking in the inadequacy of the way that it approached this matter. The Queen's Speech seems to have been drawn up without any regard to the clear and present danger confronting us.

I was going to digress at this point to say a few words about the Bank of England, but my noble friends Lord Forsyth and Lady Noakes and others have said

all that is to be said, and I associate myself completely with the points made by my noble friend Lord Forsyth in particular. I also agree with my noble friend Lord Bridges that with independence comes accountability, and the Bank of England will have to explain exactly what has happened—but not only the Bank of England. It has now been independent in this sphere for 25 years, and the time has perhaps come to look at the way in which the mandate is being carried out and, in particular, to look at two problems or issues. The first is whether the members of the Monetary Policy Committee are drawn from a sufficiently wide circle. The second is whether the present inflation-targeting objective should be replaced or coupled with another objective relating to nominal GDP.

The meteor of inflation is not the only one that the Government have failed to warn the country about. We have gung-ho speeches from the Foreign Secretary and the Defence Secretary about the war in Ukraine, but nothing has been done to explain to the nation the implications of the war for our economy. I refer here not just to the fighting, obviously, but to the consequences of the sanctions. To the extent that trade is disrupted and the international economy is thrown into chaos, the implications could be very great.

We are not in a war situation, and God forbid that we should ever get in one, but we may well be approaching a situation in which we are in something akin to a war economy. Should that occur—the chances of it occurring are quite considerable—the Government have to think about which priorities they will safeguard. Clearly, one of them must be the continued improvement of the National Health Service on the one hand and social care on the other. We have talked a great deal about inequalities, but there is no area in which they are more self-evident than the nation's health from one region to another.

It will also be very important to recognise that more money will have to be spent on defence. I was very surprised that there was no mention of this in the Queen's Speech. This is also bound to lead to some other programmes being cut, which emphasises the need for priorities.

We are in a very dangerous situation. I agree with those who say that, unfortunately, the Government have so far not shown themselves to be in a position to face up to it.

5.56 pm

Lord Haworth (Lab): My Lords, I very much welcome the commitment in the Queen's Speech to introduce an energy security Bill. This measure is designed to implement the provisions of the policy paper, *British Energy Security Strategy*, which was published as recently as the beginning of April. It has taken a war in Ukraine to finally convince the Government to actually take action to drive our energy policy, rather than leaving such matters to market forces. This is clearly implicit—one of the Prime Minister's favourite words—in the decision to establish the “Great British nuclear vehicle”. This body will be tasked with helping projects through every stage of the development process and developing a resilient pipeline of new builds.

Whatever might be claimed to have been the benefits of the decisions on privatisation taken by Mrs Thatcher and her Government all those years ago, the effect of

[LORD HAWORTH]

leaving major investment decisions largely to chance has undermined any effective energy security strategy. I acknowledge that there were some benefits of privatisation, particularly in the short term. For instance, establishing competition in the market helped keep electricity prices lower than they might otherwise have been, with the benefit, in the short term, of reducing the number of households in fuel poverty—that bit worked. I was very interested in the remarks of the noble Lord, Lord Wakeham, about this, because he was so intimately involved.

However, having said that, it was always obvious that leaving electricity production and distribution to market forces was a policy of simply hoping for the best. I quote the Prime Minister's own words, in the foreword to the policy paper, where he says that

"we drifted into dependence on foreign sources. Sometimes this was through deliberate planning; more often it was the byproduct of policy fudges, decision-dodging and short-term thinking. But ... the result today is all too obvious".

Quite so.

I made my maiden speech in your Lordships' House as long ago as February 2005. I spoke about the growing environmental crisis due to climate change and about glaciers melting and, in some cases, collapsing altogether. I had in mind those in the great mountain ranges, particularly the Himalayas and the Caucasus. The catastrophic collapse of the Kolka Glacier in North Ossetia is now recognised by the world's glaciologists as most probably the largest glacier collapse ever identified, at least in the past 20,000 years. It barely made a footnote in the newspapers, not even in Moscow, although it should have served as a massive wake-up call. This was in September 2002, almost 20 years ago.

At that time, little was known about the fast-melting Greenland ice sheet, or the great dangers posed by melting ice in Antarctica, matters which have now been extensively researched, especially on the Thwaites glacier in western Antarctica, revealing the dangers all too alarmingly. Back then, I urged the Labour Government to urgently consider restarting the civil nuclear programme in Britain, which had stalled after the accident at Chernobyl in 1986. In 2007, the energy White Paper opened the door to new nuclear, but without quite committing the Government; a year later, the 2008 White Paper on nuclear power announced an aspiration to restart the nuclear programme, which envisaged up to eight large new stations being built on the sites of former nuclear plants already closed or closing.

What has happened in the last 15 years? One new nuclear plant is being built, at Hinkley Point, but it is not yet finished. There is a plan of sorts to build a second new plant at Sizewell, but it still awaits planning permission. It is not exactly impressive; it is a very British way of stumbling forward and hoping for the best, and hoping that signals from the Government will result in energy firms coming forward with active plans, which is a policy failure on an almost epic scale. So I welcome the initiative that the Government have finally taken and look forward to the energy security Bill finally ending the *laissez-faire* approach to these matters. I welcome the commitment to provide up to £1.7 billion of direct government funding to enable

one major nuclear project to reach a final investment decision in this Parliament. I welcome the investment of £100 million to Sizewell C, and the commitment to invest £210 million to develop small modular reactors with Rolls-Royce.

In conclusion, the energy security Bill is welcome news; it is long overdue. A measure such as this could and should have been introduced 20 years ago—certainly after the 2006 energy review, which explicitly recognised the threat that Russia presented to the West after the temporary suspension of gas supply to Ukraine on 1 January that year. However too little and rather too late, this Bill is surely better late than never.

6.02 pm

Lord Bourne of Aberystwyth (Con): My Lords, it is a great pleasure to speak on the humble Address to Her Majesty's speech, and it is a great pleasure to follow the noble Lord, Lord Haworth. I find myself in total agreement with what he has just said on the nuclear programme, which certainly needs pushing.

Obviously, we face massive challenges at present. We have largely seen through the Covid crisis and now face an energy crisis and a crisis in Ukraine, which are international challenges. The national response has to be focused on the economy and energy, and these are fundamental. We should be aware, when looking at the economic record, of the great success that we have had on the furlough scheme and business support. It is easy to forget the economic success that we had during the pandemic, but there are new challenges now, which have rightly been highlighted by many noble Lords. There is the inflation challenge, at 7% and rising, and government debt interest—the largest item on the Government's balance sheet, at £83 billion. That is just the debt interest for 2022-23, up by £30 billion from the previous year, as a result of inflation.

Unlike many others in my party, I do not have any visceral dislike of taxes where they are necessary and justified, and I believe that an energy windfall tax is more than justified. I find it hard to find a cogent argument against it when we have seen the massive super-profits that are being made, and when we are seeing the holes in government finances it seems sensible to bring it forward. I am glad that the Chancellor is considering it. Indeed, my right honourable friend Mel Stride, who chairs the Treasury Committee, has also said that it should be very much in play.

I recognise the dangers of inflation but like others—and many on this side of the House, too—I think that an uplift to universal credit is absolutely necessary. As a one-nation party, I cannot see how we can fail to protect the most vulnerable at this time, when inflation is racing. It must be done, and it must be done urgently.

The Queen's Speech certainly has many aspects that I approve of, but it lacks vision. We need something more powerful than postponing the MOT for a year; we need something to aspire to to bring people together, as we did during the pandemic. We need some call to action or shared enterprise, which has got to be around the energy crisis. We have seen the rise in energy prices, which is very largely outside the Government's control—but we have to have a response to help the most vulnerable. We heard the noble Lord, Lord Teverson,

speaking about the position of people on prepayment meters. That is absolutely right: we have to make sure that energy efficiency measures and help with the warm home discount is available to the most vulnerable, to help them with the cost of energy. We have to see how the energy security Bill, which I certainly think is a powerful measure and one that is potentially very useful, is extended to help those people in terms of action on retrofit and insulation measures, as well as ensuring that we are harnessing the resources that we have around this island with wave power and tidal power. Those things need doing urgently, and that would be regarded as a joint enterprise for the whole nation which we can come around to deal with a problem of long standing. It will be of even longer standing and more severe if we continue to fail to do anything about it.

We need also to look at carbon capture and storage, which we have dallied on for too long. It will create new jobs and help on energy security and climate change—but, above all, we need to help people who are not going to be able to pay their energy Bills going forward. We need to come forward now with something for those people. We have a tin ear on this, I am afraid; we need to ensure that that announcement is made sooner rather than later. If it means, as I am afraid it could well do, that we need a windfall tax on oil companies, or a one-off tax on oil and gas companies, that is something that would bring the nation together. I hope that we do that in short order.

6.07 pm

Lord Davies of Brixton (Lab): My Lords, first, I must declare my interest as a non-practising member of the Institute and Faculty of Actuaries. That is because I want to use the opportunity to ask the Minister in his reply to tell us more about the draft audit reform Bill mentioned in the introductory speech, and specifically the proposal in the Bill that the audit, reporting and governance authority will have powers to oversee and regulate the actuarial profession.

There are many other issues or gaps in the Government's programme that I could address, but I have confidence in my noble friends to deal with them. There is not enough time to explain the entire background to the regulation of the actuarial profession, so I hope that the Minister already understands that the decision to introduce statutory regulation is simply a by-product of the broader review of the work currently undertaken by the Financial Reporting Council. No serious concerns have been raised about the current regulatory framework for actuaries since its introduction in 2005, nor have there been any material public interest concerns about the conduct of actuaries in the UK. It is also worth emphasising that almost all the work undertaken by actuaries is regulated in other ways, given the sectors such as insurance and pensions, where they tend to work. Despite the lack of pressure for such change, the proposed changes in the Financial Reporting Council mean that there is a collateral need to rework the regulation of actuarial work.

The Institute and Faculty of Actuaries, of which I am proud to be a fellow, is the UK's only chartered professional body dedicated to educating, developing and regulating actuaries. The institute sets stringent

professional obligations on its members, including qualification standards and ethical conduct requirements. However, there are also technical standards, which are currently set by the Financial Reporting Council.

Consequently, following the wider changes, there is a need to reform actuarial regulation. The institute supports reform that places the regulation of the actuarial profession on a statutory basis. However, there is some concern, which I share, that the scope of actuarial regulation—in other words, who and what is covered—must be adequately defined in any proposals. Otherwise, we could be left in a situation where the regulation of actuaries is significantly less robust than it is now, increasing the risks of inconsistency and regulatory arbitrage. For example, it should not be possible for individuals to self-identify themselves out of the scope of regulation by changing their job title or resigning membership of a professional body. On the other hand, we must avoid a catch-all definition of actuarial work that would be disproportionate.

So, first, statutory regulation should include the protection of the professional title of “actuary”. Most people will be surprised that it is still possible for someone who is not a qualified, regulated member of the institute to describe themselves as an actuary. Secondly, as proposed by the institute, the scope of the new statutory technical regulation should be defined by reference to a list of specific types of activity. No individual should be permitted to do any activity on such a list without being subject to the new statutory technical regulation. In addition, there should be a list of members of the institute who are accountable to ARGA on the statutory regulated work for which they are responsible.

I look forward to the consultation on these issues. In the meantime, will the Minister commit the Government to bring forward the draft Bill as quickly as possible—a timetable would be good—as well as to the closest possible engagement with the representatives of the actuarial profession and to agree that the result of any changes should not lead to any weakening of current levels of regulation?

6.12 pm

Lord Moynihan (Con): My Lords, I look forward to debating the forthcoming energy Bill. Once again, it looks set to be a Christmas tree Bill on which your Lordships will be able to hang many policy favourites of their own. In parenthesis, I am not sure why this has become common practice in major Bills recently. It is one area where government Whips can understandably influence the Long Titles of Bills to minimise manifold amendments. That said, it will provide many of your Lordships with the opportunity to recommend strong support from government to ensure that the North Sea Transition Authority is well armed to encourage inward investment into our gas reserves. Only by consistent and long-term policy support will we encourage the absolutely vital inward investment necessary to maximise upstream production during the transition—which, in turn, will necessarily last until well into the 2030s, at the earliest.

Noble Lords should be under no illusion. Gas will play a crucial role in delivering net zero for many years to come, particularly given the nature of renewables,

[LORD MOYNIHAN]

which are intermittent in a market requiring a consistent, uninterrupted, resilient source of supply. Let us put this in perspective. After 20 years and nearly \$5 trillion of investment, the world has only 15 million barrels of oil equivalent in wind and solar, against the 237 million barrels of oil equivalent required every day. We will have to bolster the country's energy resilience. Our love affair with the idea of green energy has left us exposed to high international energy prices. Had we had a more resilient transition 10 years ago, we would have seen far higher gas production in the North Sea. We have simply not optimised production of gas in the interests of energy security and resilience. Gas must become—and is becoming—increasingly green. Every year sees a reduction in production emissions and a reduction in routine flaring. By 2030, we will have halved our production emissions and eliminated routine flaring.

So, what can the Government do? Ministers can work with the Treasury to improve access arrangements to gathering platforms that inhibit the optimal development of marginal and mature fields, which rely on the gathering platforms usually owned by the large operators to secure onshore delivery. Ministers can show caution about calls for a windfall tax when we need to encourage investment in marginal fields, where the global market is highly competitive for the marginal investment dollar. We need to introduce measures to build investor confidence, not destroy it. Yes, the industry is making extraordinary profits with today's oil price at \$110, but how will it increase investment in renewables when it is paying out those investment funds to government through a spike or profits tax?

If the Government are to follow through with this route, they must include fiscal incentives for the industry to invest in renewables without deterring investment in gas. As BlackRock has realised in its approach to proxy balance, we need more short-term investment in traditional fuel production to boost energy security. It is time to move away from forcing upstream gas companies to decommission assets or setting absolute targets for companies to reduce emissions in their supply chains.

But this Bill will go further. I finish by asking the Minister a number of questions. Does he believe that 24 gigawatts of nuclear will happen—and, if so, by when? Can the market structures enable sufficient investment in the grid to match the hoped-for electricity use in transport, heating and industrial applications when only modest growth is anticipated over the next five years? How realistic are the expectations about hydrogen, given its apparent lack of cost competitiveness today, and where are the end users who will adopt hydrogen at scale?

Lastly, I mention possibly the most important point, which is that a clear business case is needed by government for a credible energy efficiency rollout. There is a clear absence of energy efficiency at the heart of our energy policy, which in turn is sadly absent as a key plank in the Loyal Address.

6.17 pm

Lord Haskel (Lab): My Lords, I share many of the hopes for our economy expressed in the gracious Speech, but that is what they are: hopes—hopes dressed

as Bills. I agree with other noble Lords that what is required is a strategy, a coherent plan on how we will achieve these hopes, and a coherent plan to grow an economy weakened by the pandemic, weakened by Brexit and weakened by inconsistency regarding trade, taxes and employment. Central to this must be a response from the Government regarding the rules by which business operates: rules that support companies to behave properly and responsibly and prevent chaotic collapses such as those of Thomas Cook and Carillion, mentioned by the Minister.

The real answer is a kind of “better business” Bill, based on the White Paper published a year ago that was followed by several reviews, all supported by major business organisations, employers and trade unions. This legislation has been downgraded once again in favour of campaign legislation. Indeed, the Institute of Directors has said that this is urgently needed to make the economy more business friendly. I agree with my noble friend Lady Jones; we need a mini-Budget with a windfall tax on energy companies to help deal with the immediate problem of putting more money into people's pockets.

My noble friend also asked: where is the employment Bill? A major part of our industrial strategy must deal with casualisation and insecurity at work—something brought home to all of us should we need care, especially during the pandemic. A year ago, the Government reaffirmed their commitment to a single enforcement body for workers' rights. This was particularly directed towards umbrella companies and the so-called “flexible labour market”.

Legitimate umbrella companies are desperate for government regulation of the sector so that they are not undercut by unfair competition. Like most companies, they realise that if somebody is working for you, you have a responsibility to make sure that they are not exploited, underpaid, or victims of the race to the bottom. Our renewed industrial strategy should also focus on the new economy, where intellectual property, digitalisation, brands, knowledge and ideas are key to growth and wealth creation—the so-called “intangible economy”. Our industrial strategy must make the institutions that support this sector a lot more robust.

The gracious Speech speaks of housing and local empowerment. Yes, improving the UK's housing supply is a critical issue and could stimulate good jobs and economic growth. This Government have presided over one of the worst housing crises in the western world. Many economists believe that restricting housing supply is a drag on our economy and puts us at a significant disadvantage. Affordable housing is essential for social mobility, and the so-called street plans could potentially deliver thousands of homes near public transport in high housing cost areas, with economic gain shared among all the community. This is one of the few proposals that we should explore further.

With the economy heading towards stagflation and contraction, this gracious Speech is a poor response to the economic problems facing us. Will the Government postpone the trivial and vanity legislation in the gracious Speech and give us an industrial strategy that unites us in dealing with our immediate and challenging problems and promises a better future for us all?

6.22 pm

Lord Razzall (LD): My Lords, as many noble Lords have said, the UK economy is clearly in difficulties. In economic terms, growth in GDP is stagnant. GDP even reduced in March. Inflation is forecast by the Bank of England to reach 10% and, notwithstanding recent gloating by Brexiters, it is now clear that our growth rate will be lower than in all other G7 countries. In personal terms, the increase in the cost of living has driven millions into food and fuel poverty and, whatever the Prime Minister has told the *Daily Mail*, we may be heading for a recession.

Obviously, many factors are not the Government's fault—the pandemic and its aftereffects, the increase in world energy costs, and the war in Ukraine and its international effects—but one factor is entirely the fault of a Government who are run by a Tory party that most people now regard as the Brexit party. It is the effect of Brexit on which I wish to concentrate my remarks. The numbers are stark. The OBR has confirmed that Brexit will reduce our GDP by 4% per annum, significantly more than the effect of the pandemic. Investment reveals the same disaster. Between 2017 and 2020, foreign investment was at the lowest levels since the 1980s. The NGO UK in a Changing Britain calculates that Brexit has pushed our food prices alone up by 6%, and the exodus of EU workers has led to record job vacancies that will soon drive the growth in inflation. However, the greatest disaster has been the impact of Brexit on trade. As Simon Nixon said in the *Times* last week:

“Six years after the referendum, no one has yet been able to identify any rational alternative to integration with Britain's closest trading partners.”

On the Government's own admission, the recent Australia and New Zealand trade deals will have no significant economic impact.

Trade is vital for our economic growth. In January the trade deficits were the biggest on record: £26.5 billion for goods and £16.2 billion for goods and services. All G7 countries except the UK have seen growth in trade as a proportion of GDP since 2020, and the UK is down even from that low point. The OBR says that there will be a 15% drop in our trade as a proportion of our GDP and that our new trade deals since Brexit will compensate for only a tiny fraction of our losses from Brexit.

So the most effective action by the Government to ease the cost of living crisis would be to ease barriers to trade caused by Brexit. New trade barriers cause a significant supply side shock, with customs checks, rules of origin requirements and phytosanitary measures for trade in animals and plants, let alone the need for regulatory compliance with each jurisdiction separately. Of course, the Government want British-only regulation and safety certification of industries, but does it really make sense, for example, for the chemical industry to pay for distinct British registration when it already pays for the EU gold standard?

What do we have for the Government? Egged on by the noble Lord, Lord Frost, who I see is not in his place, they seem to want to tear up the Northern Ireland protocol—which, whatever the Attorney-General says, must be in breach of international law. This is

intentional Russian roulette that risks the suspension of our trade agreement with the EU and the supply shock that would result. The gracious Speech provides for a Brexit freedom Bill, giving the Government the power to rewrite rules with minimum parliamentary scrutiny—are we surprised by that?—with no indication of the rules that will be rewritten.

However, do we have the beginning of an admission from the Government that Brexit is not working? Mr Rees-Mogg has announced a delay to the introduction of border checks, admitting that their enforcement would be an act of self-harm. This means costly checks for exporting UK farmers, while exporting European farmers have no such hassle. But it is a recognition that putting up barriers makes food more expensive for consumers, as we remainers always said. We also have the Chancellor of the Exchequer admitting to the Treasury Committee in another place that Brexit is inhibiting UK trade. Of course, the Prime Minister will not accept this, telling the Liaison Committee that it is a matter of exporters not trying hard enough. Whatever the noble Lord, Lord Forsyth, said earlier about her, the Prime Minister should listen to Swati Dhingra, the new member of the Bank of England's Monetary Policy Committee, who says that Brexit is costing every citizen up to £1,000 per year. I know that the noble Lord, Lord Callanan, will not agree, but will the Government listen and take appropriate action to modify the disastrous impact of Brexit?

6.27 pm

Lord Low of Dalston (CB): My Lords, the Queen's Speech provides little guidance as to how the Government intend to tackle the three big economic challenges that they face: in the short term, managing the immediate crisis of inflation and alleviating its cost of living impact on the most vulnerable in our community; in the medium term, promoting economic growth and ensuring that its benefits are shared across all strata and regions; and, for the longer term, but to be addressed urgently and started immediately, tackling the carbon crisis and the global threat of costly and disruptive climate change.

Looking first at inflation and the cost of living crisis, consumer price index inflation is currently running at around 7%, as measured by the increase in consumer prices over the past 12 months. The Bank of England expects it to rise to at least 10% later in the year, before falling back sharply in 2023 and returning to around 2% in 2024. The main factors pushing prices up have initially been global supply constraints during a period of economic recovery associated with the easing of Covid restrictions, with global oil and gas prices growing particularly strongly—plus, in recent months, the war in Ukraine putting further upward pressure on global energy and food prices. As well as these global factors, UK prices for food and other imports have been affected by a post-Brexit adjustment process.

However, the causes of rising inflation have been mostly global and not specifically and largely confined to the UK. This does not mean that inflation does not matter, but it does mean that the proper course for the Government's domestic policies is to avoid the knee-jerk response of cutting demand, thereby further damaging

[LORD LOW OF DALSTON]

household incomes, and instead alleviating so far as possible the cost of living impact on those most immediately and critically affected.

This can best be done by reversing at least some of the swingeing cuts that there have been to the real value of benefits to lower-income households. If the Government are unwilling to restore the £1,000-a-year uplift to benefits that they judged as essential when Covid struck—not to mention the real-terms cuts due to the benefits freeze in the preceding years—the absolute minimum they should do now is to bring forward, during this year of rapidly growing inflation, the inflation protection supposedly built into the benefits system. Under present rules, benefits rise each March by the rate of inflation recorded six months earlier. At a time when inflation is increasing rapidly, this imposes swingeing real cuts on those most vulnerable to price inflation. This year, during which inflation is expected to go above 10%, benefits rose by a mere 3% in March, meaning an immediate real cut by 3% or 4% up to that date, which is expected to rise to at least a 7% cut later in the year.

Households simply cannot afford to wait until March 2023 for help with meeting ever-increasing heating and food bills. They need support immediately to meet the current and expected cost of living increases. Moreover, the cost of such measures would be largely temporary as, in principle, this amounts to paying inflation uplifts in a more timely manner and could be met by a similarly time-limited windfall tax on North Sea oil and gas companies—I am sorry, I have lost the second half of this.

Baroness Penn (Con): The noble Lord has just passed the advisory time limit of five minutes in any case.

Lord Low of Dalston (CB): In that case I will bring my remarks to a close now.

6.33 pm

Lord Holmes of Richmond (Con): My Lords, it is a pleasure to take part in this debate on the gracious Speech and, in doing so, I declare my technology interests as set out in the register. I will cover the two areas of financial technology, hereafter fintech, and financial inclusion, hereafter “fininc”.

It is over a year since the Kalifa review into financial technology opportunity in the UK. How should we judge the success of any review and its recommendations? Well, economies around the world are rapidly taking up the recommendations of the Kalifa review. I believe that, in the UK, we need to ensure that we take every last recommendation right across the piece if we are to take the opportunity that fintech presents. Specifically, can my noble friend say where we are currently with the start date for the centre for finance, innovation and technology, what resource the centre has and who indeed will lead it?

On the regulatory review, there is a real opportunity for us to release all the potential power of fintech for the benefit of every citizen across the UK, but that is not an inevitability. It will need the right thought-through regulatory framework if we are to enable this.

On “fininc”, it was pleasing in last year’s Financial Services Bill—now an Act—to have got in the provision around cashback without the need for a purchase. Its success has been shown not only in taking up some of the slack for the closing of bank branches and ATMs but that—perhaps most pleasing to me and others who pushed for the measure—the large majority of transactions for cashback without purchase have been for £20 or under. Not only is this picking up where ATMs have left off but, crucially, it is taking an area of the economy of our society previously largely not covered and ignored by financial services provision. What more will be done to ensure that cashback without the need for a purchase is enabled in every community up and down the country? Similarly, on the shared banking hubs, which are a great proof of concept and success, I ask my noble friend: how will we ensure scale and that, again, every community up and down the country can avail itself of such a hub?

It is pleasing to see the potential measures around cash in the proposed financial services and markets Bill, but access to cash is but one part of the deal. What do the Government intend to do around acceptance of cash? If you will, what currency cash if no place to spend it? It is crucial that we look at both elements so that the 5 million to 8 million people who rely on cash can be assured that they can, rightly, continue to do so. Cash still matters, and it matters materially to millions up and down the country.

Finally, I briefly touch on central bank digital currency. The Bank of England has done tremendous work in this space, but can the Government put even more pace into this work and look at some of the non-monetary benefits of a central bank digital currency and of programmable money? I give one pertinent and potentially huge illustration of how a CBDC could help: atomic settlement at the border. What a difference that could potentially make.

In no way do I think that fintech, artificial intelligence, distributed ledger technology or the internet of things alone can cure the current issues that we face. However, if we orchestrate them and have them converging together for the public good, the opportunity exists to human-lead on all these new technologies for economic growth and economic, social and psychological good for the benefit of us all.

6.38 pm

Lord Smith of Hindhead (Con): My Lords, I am grateful for the opportunity to speak in this debate on Her Majesty’s gracious Speech. I will limit my comments to those relating to hospitality and, in so doing, I ask your Lordships’ House to take note of my entry in the register of interests.

I welcome the Government’s focus on levelling up and regeneration, and I commend and thank the Government on what was put in place to support hospitality during the Covid pandemic. I can think of no other industry that has benefited more from this much-needed support over the past two years.

While some businesses in the industry have very sadly closed, the vast majority are seeing a return of footfall and consumer confidence as the activities of lockdown and home entertainment are rightly replaced

by a society which again socialises together. Peloton is not hitting its sales targets and Netflix subscribers have reduced for the first time. Seeing friends virtually and staying at home can never properly replace going out and meeting up with friends.

I could go through the very long list of support measures that have been put in place, but one important statistic reported by HM Treasury in December last year was that many hospitality businesses emerged with more cash in the bank than they had at the start of the pandemic and net cash deposits for all hospitality businesses rose by £7 billion pounds, £2 billion of which was held by small and medium-sized businesses. Fewer businesses have become insolvent, with insolvencies running 25% lower than pre-pandemic levels. Hospitality accounts for some 9% of all employees and it is the third-largest private sector in the UK, but staff vacancies are currently 50% above pre-pandemic levels.

As an industry, we need to attract more people into understanding that hospitality can be a fantastic career opportunity, where a person can still progress from working behind the bar to having a place at the boardroom table. I was therefore pleased to note the Government's statement that regeneration and levelling up would be achieved by improving economic innovation to drive growth across the whole country, unleashing the power of the private sector to unlock jobs and opportunity for all.

The Government will improve productivity, boost economic growth, encourage innovation, create good jobs and enhance educational attainment across all parts of the UK. I particularly welcome the phrase that has been employed that levelling up will be achieved by "a cross-government, cross-society effort".

Hospitality is capable of helping to drive growth across the nation. It is already doing so in every part of the UK. Every city, town and village offers some form of hospitality and is therefore uniquely placed to assist with the delivery of the Government's priorities to level up, generating and creating new jobs and enhancing economic strength.

As we have emerged from the Covid pandemic, I think we can all agree that this has been the most extraordinary time in most of our lives and in the recent life of the nation. There will of course be many lessons to be learned. I understand that, in a crisis, people and businesses look to the Government to wrap the arms of the state around them, and I also understand that everyone fights their corner and wants what is best for their business, their sector or their industry, but I believe that hospitality can play a major part in helping the nation to move forward into a post-Covid, post-Brexit economic world, where all parts of the UK will see the benefit of growth and job security and where more people, from whatever background, will feel that they have a stake in the future.

6.42 pm

Lord Henty (Lab): My Lords, I follow my noble friends Lady Donaghy, Lord Monks and Lord Haskel in regretting that the Government have again broken their 2019 election promise to introduce an employment Bill. An employment Bill has been promised many times in this House and in the other place. On 6 April,

on behalf of my noble friend Lord Woodley, I put to the Minister, the noble Lord, Lord Callanan, the simple question: when do the Government intend to introduce the employment Bill? The Minister's response did not answer that question. We now know the answer: there will be no such Bill. However, there will be a Brexit freedoms Bill, no doubt to remove many of our workers' rights derived from EU legislation, yet the need to strengthen employment rights and to enforce them gets stronger by the day. More than 9 million people live in poverty in working households. The real value of wages has not increased since 2008 and is falling. We are facing a cost of living tsunami.

On St Patrick's Day, 17 March, P&O Ferries demonstrated once and for all the almost total failure of our labour laws to protect workers. P&O flouted the right to be consulted over redundancies; the right not to be unfairly dismissed; the right not to be dismissed on a transfer of undertaking; the right not to be discriminated against on grounds of nationality; the right not to be made an offer to end collective bargaining; and the right not to be penalised for trade union membership and support for collective bargaining.

Because compensation for breach of most of those rights is statutorily capped, the employer was able to make offers that were inevitably irresistible to those faced with the alternative of pursuing tribunal claims that were unlikely to be heard within 12 months because of underfunding of the Courts & Tribunals Service, where successfully obtaining awards exceeding the offers was unpredictable and where statistics show that half of all awards made by tribunals are not paid in full.

The result was that 786 seafarers were left on the beach. The law had not protected them. Yet the law also denied them an industrial remedy: to put pressure on P&O by inviting secondary industrial action by dockers, lorry drivers and others would have led to an immediate injunction, since all secondary action in the UK is prohibited by statute.

Make no mistake: P&O's ploy will be an exemplar for other employers. There will be a race to the bottom. The situation cries out for an employment Bill. The measures in the all-Peers letter of 31 March from the noble Baroness, Lady Vere, will be useful but they do not go far enough. An employment Bill is required to do at least the following: restore the right to take secondary industrial action, particularly where the employer has avoided primary industrial action by sacking the entire workforce; provide for a right to an injunction to enforce the duties exemplified in this case; and remove the statutory caps on compensation so that compensation matches the actual loss suffered—as in virtually every other area of the law.

I hope the Minister will feel able to say that an employment Bill is now essential and that the Brexit freedoms Bill will not reduce any employment right currently enjoyed by a British worker.

6.46 pm

Lord Harlech (Con): My Lords, I declare my interests as a rural business owner in Wales, as a committee member of Historic Houses in Wales and as a member of the CLA.

[LORD HARLECH]

According to the inquiry by the All-Party Parliamentary Group for Rural Business and the Rural Powerhouse, *Levelling Up the Rural Economy*, rural jobs pay less than urban jobs and rural homes are less affordable than urban homes. Less than half of rural areas have reliable 4G phone coverage and fibre connectivity. The rural economy is 18% less productive than the national average—a gap that, if reduced, could add £43 billion to the UK economy by creating potentially hundreds of thousands of jobs in areas so often affected by underemployment.

Rural areas urgently need better infrastructure. It takes between five and five and a half hours, via two changes, to get from Harlech to Cardiff—a journey of only 150 miles. We are way behind our European neighbours when it comes to rail connectivity and a simple fare structure, let alone high-speed rail services. This affects business and private travel for adults but is felt most severely by young people in the countryside trying to access skills training or job interviews. If the Government are serious about getting more young people the skills they need to get into secure, well-paid jobs then they should look at subsidising transport for those seeking training, further education and job interviews. Improving digital connectivity and physical infrastructure in rural areas must be a priority for this Government to generate long-term economic growth and prosperity across the UK.

The shortage of affordable housing is felt acutely in rural areas. Applications for small-scale housing developments that would sustain services within the local community, such as schools, post offices and pubs, are too frequently rejected. Too often the choice is presented as a binary one between large-scale developments that would drastically alter and overburden a community or no development at all. The approach of a small number of homes in a large number of villages would lead to welcome and sustainable growth in those areas.

Applications also take far too long to be considered without any guarantee of success. The NFU went so far as to describe the planning process in rural areas as

“often tortuous, unduly lengthy and beset by challenges”.

Coupled with that, fewer than half of local planning authorities have an up-to-date local plan. That must change if we are to get the right developments built in the right place.

This is particularly true for applicants trying to convert redundant buildings into commercial workspaces, which could boost productivity by allowing those in rural areas to expand or set up new businesses. There is often a lack of commercial spaces and services to support business, driving those people away from rural areas and putting excess pressure on urban areas. Providing additional funding for more planning officers would speed up this process and help alleviate some of the problems. Changing the National Planning Policy Framework definition of brownfield sites, which currently excludes agriculture, could have a transformative effect on development in rural areas.

Productivity could also be increased by tweaking existing taxation without the need for new legislation. The Chartered Institute of Taxation said that the current system

“does not encourage farmers to develop more efficient production processes.”

The super-deduction on capital allowances is available only to big businesses, not family partnerships or sole traders, highlighting the discrepancy between incorporated and unincorporated businesses. We should be encouraging farmers to invest in new farming technologies such as AI and automation by opening up super-deductions to these categories and allowing unincorporated businesses to access R&D tax credits.

The Government have stated that they see the best route to combating inflation and the cost of living crisis as being through economic growth. If that is true, the rural economy must also be part of this plan. The challenges faced by rural areas are equally important in England, Scotland, Wales and Northern Ireland, so the UK Government must work in unison with the devolved Administrations if their levelling-up mission is to be a success.

Yes, we need to restore nature; yes, we need to build more homes and develop businesses in an environmentally sustainable way; but we must also do away with the narrow and stifling perception that the countryside is a museum. If levelling up is to be a success, we must unlock the economic and social potential of the rural powerhouse.

6.51 pm

Lord Sikka (Lab): My Lords, I will speak briefly on three issues. The first is the economy, the second is financial services reform and the third is auditing.

A sustainable economy cannot be built without boosting people's purchasing power, but the Government's policies are doing the opposite. People's purchasing power is depleted by the rate of inflation, which is expected to be around 10% by the end of this year. Higher inflation is due to profiteering by supermarkets, banks, oil and gas companies, energy companies and others, yet the Government have offered no policy to check this profiteering, which is creating inflation. Their blunt instrument is to increase interest rates. How is forcing people to pay higher charges for mortgages and borrowing going to reduce corporate profiteering and address the rate of inflation? It is the wrong remedy at the wrong time, and it will harm people.

The tax burden is the highest for 70 years and the Government have crushed the poor. Even before the pandemic, the poorest 10% of households paid 47.6% of their income in indirect and direct taxes, compared to 33.5% paid by the richest 10%, yet the word “redistribution” gets no mention in any government Statement. The Government are carrying on with the policies that led to this crisis. There is austerity for public sector workers, who are getting pay rises far less than the rate of inflation. On top of that, the Government are removing £7.5 billion from household budgets this year by imposing income taxes through stealth. Over the next three years that will add up to another £40 billion. This is the economics of the madhouse.

The Government could raise another £25 billion a year simply by eliminating the perks enjoyed by the beneficiaries of capital gains. If those were taxed in the same way as earned income, and if they were forced to pay national insurance, it would raise £25 billion, yet tax reform gets absolutely no mention anywhere.

I also take issue with the Minister's opening statement that the finance industry is paying £75 billion a year in taxes. That is wrong. That number was taken from a press release by a trade association in the City of London. The actual taxes borne by the finance industry total £34.1 billion. It simply collects the other £41 billion from customers in the form of VAT, PAYE and national insurance. Perhaps the Minister could explain why she privileges the statements of a trade association, rather than giving us the hard numbers that HMRC cannot provide. This £75 billion cannot be independently corroborated; it is simply a guess.

The Government's proposed reform of financial services is just going to lead us into another race to the bottom. It will give us more scandals than we have had, so I hope the Government rethink that. It is disappointing that there are no proposals to regulate shadow banking, which is bigger than retail banking. Hedge funds and private equity are playing havoc on the high street. They are killing businesses; Debenhams and Maplin are good examples, and there are many others. There is no focus on their reform.

Finally, the audit reform proposals are very disappointing. They do not deal with a fundamental problem. The BHS audit partner from PwC spent two hours on the audit and 31 hours on consultancy. The audit team was led by somebody with only one year's post-qualification experience. Most basic tasks were not performed, and the PwC partner backdated the audit report. Nothing in the Government's Bill would check any of that. Now we know that KPMG also fabricated—forged—audit documents and handed them to the regulator. Without reform of auditor liability and threat of prosecution and prison for the offending partners, nothing will change. Why are the Government handling the audit industry with kid gloves?

6.57 pm

Lord Wigley (PC): My Lords, I am delighted to follow the noble Lord, Lord Sikka, and particularly the noble Lord, Lord Harlech. I identify warmly with the plea he made for rural Wales.

I am not instinctively a monarchist but, in her jubilee year, I salute the remarkable way Her Majesty the Queen has carried out her responsibilities over the years with dignity and grace. Last year, Her Majesty was warmly welcomed to open Wales's Senedd. Plaid Cymru looks to the day when she can come to our Senedd in the same role she fulfils for New Zealand and Canada.

The economic threats facing Wales are acute, particularly for our low-income households. Our recent council elections were a telling landmark. The people of Wales much prefer the values and policies pursued by our own Government, led by Labour with Plaid Cymru's support, to the chaotic ambiguity of Boris Johnson's Government. Labour controls eight councils in Wales; Plaid Cymru, four. No other party controls any council, and that tells a story.

Plaid Cymru seeks independence for Wales, not to detach ourselves from Britain, but to achieve a new relationship between our constituent nations. No one in their right mind would seek to build a Berlin Wall between Wales and England. What we do seek is to take full responsibility for our life as a nation and to work in close co-operation with our neighbours, with whom we share close trade and community links.

But we must learn to trust each other in a manner that has not been apparent at Westminster in recent years. Since Brexit, the UK Government have systematically eroded the economic powers devolved to Wales and Scotland. I have been lucky in last week's ballot of Bills, and I hope to introduce a Bill to safeguard the Senedd's powers. Perhaps the new Procurement Bill, published on 11 May, will give the Government a chance to open a new chapter in this regard.

There is a glaring need for the UK Government to work with the Welsh Government in pursuing economic policy. When it comes to levelling up, investment projects should surely be developed in tandem with the Senedd. The Queen's Speech should have contained a shared prosperity fund Bill, devolving the management of Wales's portion of that fund to the Senedd in order to dovetail its use with the economic priorities of Wales's Government.

I remind the House that, contrary to the promises made during the Brexit referendum, current plans reduce the resources coming to Wales during this Parliament by £772 million compared to the assistance we got under European funding. The Senedd budget for delivering devolved services such as health, education, housing and roads should be funded by a needs-based formula, as recommended by a Select Committee of this House several years ago. Another policy initiative to help the Welsh economy would be to devolve responsibility for the Crown Estates to Wales, bringing all the natural resources of Wales under the control of the Welsh Government.

My party also advocates a local electricity Bill to support local generation and distribution of electricity by green renewable methods, encourage diversity in sourcing electricity and reduce transmission lines' wastage. This could enable lower electricity prices in local catchment areas. Wales has a huge potential to generate much more electricity from renewable sources: wave and tidal generation, estuarial barrages and wind turbines at sea and, where appropriate, on land. We need clarity on the Government's plans for the Wylfa nuclear power station. I press the Government to help secure a new small modular reactor at Trawsfynydd, where the Welsh Government are seeking to set up a centre for medical radio-isotope production.

The desperate plight facing low-income families stems partly from escalating energy costs. I join others in pressing the UK Government to use an energy windfall tax to finance house insulation, particularly for older houses. Perhaps one reason that the Government did not mention house insulation in the Queen's Speech is the shortage of skilled labour in the construction sector to undertake such work. This problem relates not only to building labour; there is an acute shortage of nurses and social care workers, of agricultural labour and of vets. There is also a desperate shortage

[LORD WIGLEY]

in catering and the hotel sector. All these have one common thread: the impact of Brexit. Of course, we should also train our own workforce, particularly nurses, doctors and dentists. The Welsh Government, who have responsibility for training in Wales, must have additional resources to do so but surely the Government can now see the need to get a new agreement with EU countries to facilitate those who want to come back here to work.

In under two years, I shall celebrate the golden jubilee of winning the Caernarfon seat for Plaid Cymru; the clock is ticking for all of us. If this coming Session transpires to be my last full Parliament in this House, I very much hope that progress can be made on Wales's economic and constitutional fronts, which first motivated my involvement in electoral politics.

7.02 pm

Lord Horam (Con): My Lords, I am sorry that I cannot follow the noble Lord, Lord Wigley, down the path of Welsh affairs, not being Welsh, although I will say that the Senedd parliamentary building is one of the finest I have ever seen, as parliamentary buildings go. Of course, the architect was an Englishman, or Anglo-Italian: Richard Rogers.

I want to say something about the cost of living crisis, which is really severe, particularly for poorer households. The Government must take some urgent action to deal with this matter. First, as the noble Lord, Lord Low of Dalston, pointed out in his sadly foreshortened speech, benefits under our system went up by only 3% when inflation was already at 7%. On that alone, poorer households are worse off. We need therefore to look at the whole range of benefits affecting poorer people, particularly to have them well targeted. Universal credit needs to be looked at again immediately. I know this is difficult because it is hard to change universal credit during the 12-month period. There are also people transferring from other legacy benefits to universal credit as we speak—during this year. None the less, it has to be done, because we cannot wait for people in poorer households to be recompensed properly.

Secondly, there is a case for looking at some move to reduce the increase in energy prices, perhaps with some windfall tax on the energy companies, as in the proposal which the Labour Party has put forward. As the noble Baroness, Lady Kramer, pointed out, those companies are awash with cash: £8.5 billion is going into share buybacks, which simply means that they have so much money they do not know what to do with it and are giving it back to their shareholders. Some of that should be sent towards those who are suffering the higher energy prices, since those are massive. Neither of these things can wait until October. They must be done as soon as possible, and certainly before this House rises in July.

In addition, we need to look at a wider issue; namely, some straightforward Keynesian move to stimulate the economy. Classically, in this situation you would reduce VAT. Those who are of my age will remember that when VAT was first brought in by Lord Higgins in 1973—sadly, we no longer have the benefit of his wisdom here—it was with an automatic regulator, so that you could put VAT up or down according to the state of the economy. It is perfectly possible to do that,

classically. Therefore, there is a case for reducing the 20% level of VAT to 17.5%. Sadly, there would be a big price for that, as it would cost £19 billion, which is something that the Chancellor may balk at. Instead, he may therefore go for a reduction in income tax, as a penny off its standard rate would cost only £5 billion as opposed to the £19 billion for a meaningful VAT reduction. I hope that will follow sensibly in the Autumn Budget to augment the other measures I have suggested.

This will of course mean an increase in our debt. Debt is already running at roughly 100% of GDP, which is extremely high by historic standards, but the fact of the matter is that all countries are in the same position: Canada, America, Japan, France and Italy all have higher deficits as a percentage of GDP than the UK, so we are not an outlier on this. We should never be cavalier in looking at debt. None the less, we can afford to take the sort of measures that would particularly help the lower-paid households which I have described. That is urgent and should be firmly and right centre in the Government's sights.

7.07 pm

Lord Framlingham (Con): My Lords, I want to talk about what must, alongside defence, be the most important concern of any Government: feeding the people. There used to be a great department of state called the Ministry of Agriculture, Fisheries and Food. It did what it said on the tin. Agriculture has now been absorbed into Defra and gets only a passing mention in the gracious Speech. Now that department's title has gone and with it, I fear, has gone the belief that maximum food production is essential for the nation's welfare. The spotlight has turned on to all things environmental and, if we are not careful, we shall forget what matters most of all.

I have followed the fortunes of agriculture all my life and, until recently, in helping to feed the nation it has been a huge and greatly appreciated success story. So much has changed since the old days of strict planning, marketing boards and fixed prices for farm produce set by government. Grain production has increased dramatically, as has meat production with increased welfare standards. Dairy farmers, under dreadful financial constraints, have responded superbly to the demand for milk. Over the years we have drained more land and cultivated as much as possible to provide the means of feeding the nation. The result has been, no doubt, a change in the look of the countryside, particularly in some regions, but it is important to acknowledge that this was recognised and accepted many years ago and steps have been taken to correct the situation.

In any case, what cannot be denied is that anyone travelling through our countryside today, despite larger arable fields and the yellow of oilseed rape, will find it still intact and very beautiful, so our policy must clearly be twin track. We must continue to produce as much food as possible while modifying our practices in order to protect and enhance our countryside. It is not either/or; we can, with thought and care, do both.

We are already doing so much. We are laying hedges and planting new ones, planting trees, leaving headlands uncultivated and modifying ploughing techniques to improve soil condition. We are looking again at what can be learned from the old practices of crop rotation.

Fertilisers and pesticides, long a bone of contention, are now applied only when necessary, rather than routinely as in the past—better for the environment and cost-saving for the farmer.

We can protect the countryside without a loss in food production. What we must not do—but I fear we are very much in danger of doing—under any circumstances is seriously damage our food production by slavishly following the demands of the extreme climate change advocates, who, not content with rewetting and rewilding good farmland, would like, I am told, to see our dairy cows wearing methane gas masks. There is a new government slogan: “Public money for public goods”. It sounds vaguely like George Orwell’s *Nineteen Eighty-Four*. Perhaps, when the Minister replies, he will explain precisely what this means for farmers and how it will be administered. Who will check the hedgerows for nests and birds? Who will search the headlands for wildflowers? Who will count the hedgehogs? How will this translate sensibly into payments for farmers?

We used to pay farmers by the tonne or by the pint, which made sense. We now make payments by the acre, which does not. How will these new payments work in practice? With a rapidly growing population, and now the war in Ukraine, the shortage of grain could soon become extremely serious. For the sake of the country in both the short and the long term, we must not allow ourselves to be dragooned into ill-advised and fundamental changes in agricultural policy. We must think very carefully before we make what could turn out to be a monumental blunder.

Finally, I would like to say that sometimes our farmers are criticised for what is happening in our countryside, but who is really doing damage to our environment? Planes, trains, cars, factories, pylons, substations, wind turbines, road widenings, and huge, ugly housing developments that are completely out of place. HS2 is ploughing through ancient woodlands as we speak. Water companies are spewing raw sewage into our precious rivers. Tens of thousands of householders are concreting over their front gardens to park their cars. Townsfolk drop litter and fly tippers leave mattresses. How blessed we are to have our farmers, and how grateful we should be for all they do.

7.12 pm

Lord Woodley (Lab): My Lords, as other noble Lords have already said, there was no mention of the Government’s much-promised employment Bill in last week’s gracious Address. There is no doubt that this is a scandalous omission and nothing less than a betrayal of working-class voters, many of whom, sadly, believed the Prime Minister’s cynical pledge at the last election, as my noble friend Lord Monks said,

“to make the UK the best place in the world to work.”

Since then, Ministers have promised at least 20 times to deliver an employment Bill to protect workers’ rights, yet, sadly, it is nowhere to be seen. We have been taken for fools; promises have been made and broken time and again.

As my noble friend Lord Haskel stated, no employment Bill means no new “single enforcement body” to

“crack down on any employer abusing employment law, whether by taking workers’ tips or refusing them sick pay.”

That is a direct quote from the Tory manifesto. Here is another quote:

“We will legislate to allow parents to take extended leave for neonatal care, to support those new mothers and fathers who need it during the most vulnerable and stressful days of their lives.”

Was this just a con? Was there outrage when they did not talk about stopping the fire and rehire, which Ministers, including the Prime Minister himself, have called “unacceptable” and “bully-boy tactics”? Do they really believe that, or is it just another publicity stunt? I think we know the answer, because if they really believed, why did they block the Private Member’s Bill of my Labour comrade Barry Gardiner, which sought to outlaw the shameful practice in all but the most extreme circumstances?

Not only did Ministers block that Bill, but they blocked it as hard and as fast as they could, enforcing an unprecedented three-line Whip on a Friday and employing a variety of dirty tricks, such as not-so-urgent Urgent Statements to use up debate time and ministerial filibustering to finish off the Bill before it could achieve its Second Reading—or so they thought. Well, they were wrong, because I am delighted to tell this House that I have been successful in our own ballot with the reincarnation of Barry’s Bill. The Bill is backed by the Labour Party and the entire trade union movement, particularly my own union, Unite. I am really honoured to have the baton passed to me, especially at a time when it is more urgent than ever to ban fire and rehire, which is spreading through our economy like a virus, threatening a pandemic of poverty, adding yet more misery to millions during the cost of living crisis.

What are the Government doing to stop this cruel abuse of loyal workers? What action have they taken, as was said earlier, against P&O bosses, who went a step further by sacking 800 seafarers on union rates by Zoom and replacing them with agency staff on as little as £1.80 an hour, even after the CEO admitted to a Select Committee in the other place that he had knowingly broken the law by not consulting recognised unions? Why? Because he knew it was simpler to blackmail workers into taking enhanced redundancies. Ministers have done absolutely nothing to address this scandal, despite being in the same room when it was said that he should have been barred from holding directorships. Any decent person would have said that.

What more evidence do we need that this Tory Government will always be on the side of the bosses, despite their absurd claims to be the new workers’ party? It is laughable. Thankfully, the workers of this country are waking up to the deception and I am confident that they will not have short memories at the next general election. I ask everybody who questions this: how much more damage will Ministers do in the meantime? As well as letting bad bosses get away with abusing their workers, the Government want to scrap the Human Rights Act, removing the vital protections it provides, including freedom of conscience, expression and association, and even the right to a fair trial. Taken together with other draconian legislation, including further crackdowns on the right to protest that this House has already rejected, the direction of travel is clear. The disgraceful laws passed in the last Session,

[LORD WOODLEY]

especially the elections, borders and police Acts, have all laid the groundwork for a fundamental shift in power and authoritarian control in our country.

We must learn from the mistakes of the last Session and work out our strategy for defeating this new assault on our most basic human rights. We have the Members in this place to make a real difference and the duty to restrain what has basically become a rogue Government, led by a Prime Minister who refuses to resign despite breaking his own laws and is now planning, as was said earlier, to renege on the Brexit deal that was struck. Labour, my party, founded by the movement, is committed to rolling back the Tories' anti-worker laws, as laid out in our excellent Green Paper on employment rights, which my noble friend Lord Hendy played a key role in drafting. From Government-brokered fair play agreements—what in the past we would have called central bargaining—to day-one rights against unfair dismissal and, of course, a ban on fire and rehire, our Green Paper sets out a new agenda to address the unfair power imbalance at work, which has only grown over the past 12 years of Tory rule.

For all our faults, Labour is a real party of the workers, and in government our party will have to start by clearing up the Tories' mess, as we always have to. Until then, our top priority must be to limit the damage and protect as many people as possible from the Conservatives' conscious cruelty. I hope that all Members across the House worried about where the Government are taking us will continue to fight the good fight until we can turn the page of this disgraceful chapter in our democracy's history.

7.18 pm

Baroness Parminter (LD): My Lords, it would be hard to argue that this Queen's Speech has sufficient urgency to deal with the climate crisis and the nature crisis that we are facing. We need to reduce our greenhouse gas emissions by 50% within the next decade and we are among the most nature-depleted countries in the world.

That is not to say there are not things in this Queen's Speech that we welcome. It is quite clear that the transport Bill and the energy Bill could bring much-needed green investment to support our net-zero goals, but Members right around this House—the noble Baronesses, Lady Hayman and Lady Bennett, the noble Lords, Lord Wigley and Lord Moynihan—have all said that there is a gaping hole in the energy Bill around energy efficiency, helping people to reduce our dependency on fossil fuels at the same time as cutting costs and helping them address the cost of living crisis. It is a major gap. Indeed, one might go so far as to say that the Government seem pathologically determined not to go anywhere near anything to do with behaviour change in order to tackle the climate crisis. The Climate Change Committee has said we cannot get to net zero purely by technological innovation; we have to address behaviour change as well. Therefore, I am sure this is something that Members in this House will wish to address when we see the energy Bill in due course.

I welcome that the UK Infrastructure Bank has a mandate not just to support economic growth but to meet net-zero goals. That is a welcome step, and

therefore it is a disappointment that the financial services and markets Bill does not have that dual mandate. There is no alignment, request or even an obligation on the regulator to align the financial services markets with our net-zero and nature goals. That is a major oversight. As is the fact that, somewhere along the line, we seem to have lost the sustainable disclosure regulations, trumpeted loudly by the Chancellor of the Exchequer last year as a means to be ground-breaking globally and bring our companies forward on the move towards net zero. They seem to have disappeared into the ether. That is a very retrograde step which shows that, when push comes to shove with this Government, they will put minimising regulation ahead of meeting net-zero obligations, which is very worrying.

One Bill in particular is not just insufficiently fast-paced but a significant threat to our nature in future—the planning Bill. I am delighted to see that the Government have seen sense and removed the zoning requirements. I credit the Liberal Democrats a little, with our by-election victory in Chesham and Amersham, for helping push them gently that way, but I know that plenty on the Back Benches opposite feel as strongly as many on these Benches do that zoning is completely detrimental to our future as a sustainable country and would have been a developers' charter. It is good to see that that has disappeared. However, what remains is the rather nebulous phrase “a new approach” to environmental assessments. As I have said, we are one of the most nature-depleted countries in the world and it is the regulatory framework in the planning system that has protected so many habitats, wildlife areas, green spaces and trees—coming soon after the noble Lord, Lord Framlingham, I ought to get in the word “trees”. Environmental assessments have done so much to protect all those valued habitats and landscapes in the past.

If he were to reply to this point, I am sure the Minister would say, “Of course, you always look on the bleak side.” I think I have due cause to do so when it comes in the same Queen's Speech that contains the Brexit freedoms Bill, which seeks—for no apparent reason—to rip up the regulations we have had from the European Union in recent decades, 80% of which were environmental. Some of them, such as the habitats directive, have been the cornerstone of environmental protection for our nightingales and bitterns and all our most precious wildlife. Noble Lords can see why I am concerned, with a Queen's Speech that has both a planning Bill and a Brexit freedoms Bill, about what that might mean for our planning.

In the last couple of seconds before I sit down, as the noble Baroness, Lady Jones, said, there is nothing in that Bill on animal welfare, removing foie gras or banning fur. We have a genetic precision technology Bill, which people in this country have consistently said they do not want. In opening, the Minister said the reason for doing this was to ally with other major economies. Our biggest market for food is the European Union, which has banned this completely, so I presume she means America. I for one do not want to take animal welfare lessons from a country which has growth hormones in its meat and chlorine-washes its chicken. We can do better than that.

7.23 pm

Lord Colgrain (Con): My Lords, my background being related to employment matters, I will first comment on the economy in that context and then touch on two environment points.

I am sure that I am not alone in admitting that I did not fully master the issues attached to passporting in financial services at the time of Brexit. I was concerned that the City of London would see an exodus of talent in favour of the pretender centres of financial expertise on the continent. Now, however, Amsterdam, Paris, Frankfurt et al have made their pitches, and it is gratifying to see how singularly unsuccessful they have been in weaning jobs from London; it has been in the thousands rather than the mooted hundreds of thousands. The fundamentals of the English language, English law and the copious and all-encompassing availability of professional services in the square mile mean that the position and importance of the City remain unchallenged—something of which we should be very proud. New concessions that may be granted to insurance companies and pension funds through the UK Infrastructure Bank Bill and the financial services and markets Bill to invest in hitherto prohibited infrastructure projects can only strengthen London's hand.

However, we must not overlook two sources of human capital and talent which can be added to this advantage. The first, now advanced through Covid, is the increased use of part-time staff working from home. This used to be populated in the main by working parents around whom employers were trying to create better working conditions and hours. To them now need to be added early retirees and others seeking a new work-life balance. I know that the view held by my noble friend Lord Sugar and expressed by him rather forcibly at the expense of PwC last week is shared by many—including, I might add, myself. However, it is Kafkaesque to generalise, as some do, that the public sector favours staying at home and the private sector has needed to return to work. This ignores the new reality, whereby we must harness this powerful lobby of part-time workers, come what may. I hope the new employment Bill will make special reference to them.

The second, growing group is the many who have reached statutory retirement age and wish to keep working. I look around me and see the truth of this statement; 70—nay, 80—is the new 60. I was delighted when still headhunting that I was able to appoint a 70 year-old as a non-executive director for a client. The Government must do all they can to encourage older members of society to remain employed if they so wish. It is good for them to remain physically and mentally active; they will contribute to the country's productivity and tax take, especially now with the new national insurance bands; and it is beneficial to the country and their employers to have ongoing access to their intellectual capital. Less good are the contractual issues that employers can experience around accusations of discrimination on age-related issues. Anything the Government can do in the plan for jobs Bill to make such issues less of a costly and management-time minefield would be very welcome. Can my noble friend please confirm that this will be looked into?

On environment matters, all interested parties agree that there is an urgent need for the Government to support and help structure a well-regulated and established carbon credit market. Currently, it is nigh on impossible for suppliers of carbon credits to have confidence in the efficacy of either the pricing or duration of agreements, and it is equally difficult for those seeking to offset their carbon emissions to determine where to go and at what cost. Of course, a free market will evolve over time, but we do not have such luxury as we look ahead to purported net zero. This is a textbook example of where government should show the way. Can the Minister say what the Government's view on this will be?

Finally, in the context of the gracious Speech, it is timely to refer to the Queen's Green Canopy, which has been taken up enthusiastically, not least by councils and schools. However, it is not being a killjoy to point out that a combination of airborne pests—most recently the spruce Ips beetle—and more traditional four-legged pests, such as squirrels and deer, means that more informed thought needs to be given to what is planted where. Otherwise, all the good intentions being shown will result in an unsightly and uneconomic outcome and a failing of green credentials.

James Pendlebury, chief executive of Forest Research, said in this Saturday's *Times* that pests and diseases pose an

“existential threat to our treescapes.”

To alleviate this threat, we need to devote more attention and funding to the management of existing woodland and encourage increased coppicing to maximise the carbon retention capacity of our current silvicultural assets, fully as much as enthusiastically planting to support the Queen's Green Canopy. This will also contribute to the burgeoning woodchip market, which can make a meaningful contribution to our renewable energy requirements, killing two birds with one stone. Can the Minister say whether additional thought along these lines will be included in the Bill?

7.29 pm

Lord Griffiths of Fforestfach (Con): My Lords, it is a great pleasure to follow my Whip, especially when I agreed with almost everything they said. The Government's priority in the gracious Speech—strengthening growth and easing the cost of living—is something I think we would all agree with. It means better housing, better public services, making a reality—not simply an aspiration—of levelling up, reducing inflation and helping the cost of living.

However, two requirements underline those noble objectives. The first is that we must bring inflation back down to 2% and endorse 2% as the Government's target. We have all heard stories of so many families who are really struggling, trying to help their children and themselves just to bring food to the table because of inflation. Inflation is clearly painful, but it is more than just a painful economic shock. Inflation is a corrosive force in our society. It creates suspicion, distrust and social conflict. It creates a blame culture. People think that the local corner shop is just jacking prices to do them down. What about the electricity companies, Shell and BP and the supermarkets: why is Waitrose increasing prices more than Aldi and Lidl? It is a very bad culture if we go down that road.

[LORD GRIFFITHS OF FFORESTFACH]

The Bank of England has had something of a hammering today. Frankly, I have been surprised at the ferocity of the attack on it and, as a result, I have changed my speech. I believe the Bank was right in 2020 to slash interest rates to 0.1% and increase monetary growth to finance the furlough scheme, support the NHS and offer credit to business. Unfortunately, last year, the Bank made a policy error and continued with easy-money policy. Back in August 2020, I wrote an article in the public domain, "The Spectre of Inflation". You could see then that we were creating too much money for the supply available. I followed it up last year with four articles criticising the Bank for not raising interest rates.

However, the Bank had a point in its reluctance to raise rates. The pandemic was an extraordinary event. The uncertainty over how much unemployment was disguised by furlough was important. Other central banks, such as the Fed, were advocating exactly what the Bank of England was, and hardly anyone on the Bank's staff had lived through the inflation of the 1970s. The last thing we need at present is for monetary policy to be politicised and the governor and institution of the Bank of England to be kicked around like a political football. The Bank knows more than anyone else that it made a mistake last year and, in future, there will be an occasion to evaluate what went wrong. Now our attention should be focused on how we strengthen the resolve of the Bank to take the action necessary to get inflation down. As the saying goes, there is no gain without pain. Reducing inflation is not rocket science. The Bank has done it before. It did it in 2008 and 2011, and it did it in the 1970s, but reducing inflation will be painful. For this, the Treasury has responsibility to see that the burden is shared equitably and, frankly, that the burden is shared before inflation is under control.

My second point—I do not have the time to develop it—is that if we are to get growth, it cannot be engineered in 18 months; it is a longer-term challenge and requires lower taxes and reduced regulation. The Chancellor is clearly in a very difficult position—there are so many demands on public spending—but unless we can really get taxes down in the medium term to restore confidence, we will not see the priorities that the Government wish to see in the Queen's Speech.

7.34 pm

Lord Grantchester (Lab): I shall concentrate my remarks today on the energy sector and the Government's plan as outlined in the energy security Bill, with elements necessary through the UK Infrastructure Bank Bill.

Over the past two centuries, we have grown and prospered across three major energy transitions: the emergence of coal in the mid-1800s, powering the Industrial Revolution; the discovery of oil at the end of that century, changing everything about modern society; and the emergence of natural gas, which powered the emergence of Asia as the economic power it is today. Each energy transition fuelled economic growth as the population rose from 1 billion in 1800 to nearly 8 billion today. We have seen major shocks to the energy system through the 1970s, the Gulf wars of the 1990s and the distress we see today in the aftermath of

the Ukraine war and overreliance on a single source for the supply of gas and, to a lesser extent, oil—from Russia.

The current energy transition will need a multitude of alternative energy sources that have already been developed—the secure baseload made up of nuclear and fossil fuels with the continuation of elements of carbon abatement—and the rapid development of new technologies to accelerate hydrogen as the primary energy source. We must grasp the opportunity now to explore both green hydrogen and blue hydrogen, given the abundance of feedstocks we have available here in the UK. Hydrogen has the potential to make huge inroads into replacing fossil fuel dependency.

The energy security Bill does not recognise an overall energy strategy to take the country through the complexities of the necessary mix of energy sources. Rather, it continues with the scattergun approach of the 10-point plan. It continues with loading costs on to the consumer without recognising past failures. The uniqueness of this fourth energy transition is that we need to explore all sources of energy, and that should include reviewing previously rejected options, such as onshore wind and, perhaps the most neglected, tidal power. The Hendry review is now some time ago and, as we know, costs and attitudes will have changed. Although nuclear has been embraced as low-carbon baseload for energy, tidal power has the potential to bring baseload through the renewables constancy of tides. Perhaps the cost of this development needs to be assessed against the cost of nuclear as baseload, not just against costs of other sources of renewable power, now already much reduced in cost.

New targets need to be matched with speed to provide the necessary infrastructure. Although the Government can be commended for the recognition that 50 gigawatts of offshore wind, increased from 40 gigawatts, will be required, so must attention be focused on grid connections and the necessary infrastructure. Do the Government have a ready reckoner of the billions of pounds that this delivery will entail? Distribution network management issues and costs need support.

How will the challenges of empowering local communities through the UK Infrastructure Bank Bill enable the transformation of the grid through Ofgem with local democratic systems of planning? The announcement today by Ofgem that it will review the price cap on a quarterly basis does not really go to the heart of consumer problems. Although a cash-flow issue, it better enhances utility companies than it does consumers. I have previously asked the Minister whether the Government are satisfied with the operation of supplier of last resort, which has added billions of pounds to consumer bills following the collapse of more than 30 utility companies. Will the Government be conducting a more fundamental review of Ofgem? Will it necessarily challenge the structure of consumer pricing of a daily standing charge together with a unit price? Many consumers have identified that, although they can reduce their consumption on the unit charge, they cannot reduce their bills dramatically while the standing charge keeps increasing. The fundamental alignment of present-day issues and their solutions needs to feed

through to the strategic goals of transforming the energy sector, including demand reduction from energy efficiency of the built environment through the nationally significant infrastructure plan.

7.40 pm

Lord Shinkwin (Con): My Lords, I will focus my remarks on an issue that is so pivotal to the economy that our failure to address it strategically makes no sense to me at all. The costs to the Treasury—and ultimately the taxpayer—of continuing to do so are astronomical. Before I elaborate, perhaps I can share some figures that will help place it in context. Business success, and thus economic growth, depend on many factors, and growing new markets is surely one of them. So, imagine a global market worth an estimated \$8 trillion, of which the UK share alone is worth more than a quarter of a trillion pounds. I am part of that market—yet within a mile of this building, I am constantly reminded of why it remains largely untapped.

Some noble Lords may have gone to Prêt à Manger to get a sandwich this lunchtime. I did not because I could not: even in 2022 I cannot get into its nearest outlets in my wheelchair. They might as well stick a sign in the window saying, “Wheelchair users not welcome. Your money is worthless”. Just imagine if that happened on grounds of gender, ethnicity or sexual orientation. But that is the day-to-day economic reality for many disabled people in one of the most advanced countries and economies in the world: ours. But then there are only 14 million of us, so who cares? I say we should all care. Businesses should care and the Government should care. My noble friend the Minister mentioned our debt interest payments in her opening remarks; with debt interest spending forecast to reach £83 billion next year, the Treasury should definitely care.

Two stats highlight the serious amount of tax revenue that the Treasury is missing out on. First, 75% of disabled people and their families have turned away from a business because of poor accessibility or customer service. Secondly, at least 4 million people in the UK have clicked away from a retail website because it was inaccessible, taking with them an estimated combined spend of almost £12 billion. By 2019, that lost business—the “click-away pound”—had grown to £17.1 billion.

So this is a seriously expensive problem, yet as soon as the Government hear the word “disability”, they seem to lose the power of rational, strategic thinking. All sense and ambition are lost in a policy dead end otherwise known as the DWP—a department that takes not being fit for purpose to new heights. I will give one example: according to the Government’s own figures, only 1.3% of British employers are signed up to Disability Confident, its flagship disability employment scheme. If that is success, I hate to think what failure looks like.

Whether it is lost tax revenue, the 30% disability employment gap or the £60 billion spent on disability benefits alone in the last year, the numbers are so big that we can no longer afford to pretend that this is not a massive economic issue. In conclusion, that is why, as the cost of living gets ever higher, it is vital that the Treasury ensures that the outcomes of the DWP’s employment programmes represent taxpayer value for money; that the DWP’s approach to closing the disability

employment gap matches the scale and urgency of the challenge; and that the market shares I have highlighted, and the tax revenues, are tapped. No business can afford to think in silos, and neither can we.

7.45 pm

The Earl of Liverpool (Con): My Lords, it is a pleasure to follow my noble friend Lord Shinkwin, who has just delivered a thought-provoking speech. Like other noble Lords who have spoken today, I want to say how delighted I was to see that the energy security Bill has been given high priority in the gracious Speech. My noble friend Lord Moynihan—who I do not think is in his place—referred to it as a Christmas tree Bill. Be that as it may, I hope it will give us the opportunity to examine all the non-fossil-fuel energy-creating possibilities available to us today.

I will concentrate my remarks this evening on just two green energy opportunities: tidal lagoons—mentioned by the noble Lord, Lord Grantchester, among others—and hydrogen. I have no interests to declare, other than a wish to see our blue planet saved for as many generations as possible.

We are blessed with having the second-largest tidal range in the world, measuring some 26 feet, or 8 metres. Unlike solar and wind, the tide tables are utterly predictable, which means that with intelligent use of sluice gates and low-head dual-flow turbines, lagoons could generate power for around 15 hours guaranteed in every 24-hour cycle. Most importantly, some of that power could be held back and released into the grid at times when it is most needed.

This technology has been known about for years. Although a number of promising sites have been identified—Swansea and Cardiff Bay among them—not a single one has so far been built. Financing these projects has, I believe, been a stumbling block because they do not fit neatly into the CfD funding formula favoured by Governments, but perhaps it will now be possible to tap into the £22 billion fund available within the UK Infrastructure Bank Bill, which is due for its Second Reading in a week’s time.

The added benefits of building tidal lagoons would include mitigating coastal erosion and the provision of leisure facilities, including marinas, general water sports activities and tourism. There are thought to be about 10 suitable sites around our shores, and collectively they could supply 10% of our energy needs. I was intrigued to discover among them the exciting prospect of the Mersey tidal power project, also known as the Liverpool Bay scheme—so I had to mention that. It seems to have great potential and has the strong support of the Liverpool Metro Mayor, Steve Rotheram, and the Liverpool City Region.

In 2016, Charles Hendry, who had been Minister for Energy and Climate Change, was given the task of conducting a report on the potential of tidal lagoons. In 2017, the Hendry review was published, as the noble Lord, Lord Grantchester, mentioned. His conclusions were very favourable. To quote just one paragraph, he said:

“Most importantly, it is clear that tidal lagoons at scale could deliver low carbon power in a way that is very competitive with other low carbon sources.”

[THE EARL OF LIVERPOOL]

He proposed that a pathfinder project should be commissioned as soon as possible to establish at first hand the practicalities of building lagoons and the potential energy derived therefrom, and that this could be used to inform later large-scale schemes.

Another of his proposals was to set up a new body to be called the tidal power authority, established at arm's length from the Government with the goal of maximising UK advantage from tidal lagoons. Both ideas seem eminently sensible to me, but unfortunately—perhaps overtaken by political events at the time—the report did not get the support it needed and fell by the wayside. If the Minister has not already done so, could he please get hold of a copy of this report, blow the dust off it and see how relevant its findings could be today, especially bearing in mind the huge energy price increases we are seeing and the urgent need to be as energy self-sufficient as possible?

I am afraid I have run out of time, so I will have to save my comments on hydrogen for another occasion.

7.50 pm

Lord Redesdale (LD): My Lords, as speaker number 49, I realise that we are now galloping into the last straight. As Graham Norton said on Eurovision, it is all about where you are placed. I very much hope that if I ask a couple of questions at this stage, the Minister might remember to answer them at the very end. Obviously, we were robbed by Ukraine, but that is another thing.

I was going to talk at great length about the Private Member's Bill that I put in on ecology and climate. However, I have been lucky enough to secure eighth position so very much hope to regale the House at Second Reading—unless, of course, we have an election in the preceding time, which would derail that.

I will raise only two real points. The first is to ask the Government whether in this Session they will look at strengthening provisions to make sure that companies report on the streamlined energy and carbon reporting scheme, SECR. This was brought in by this Government to replace the carbon reduction commitment, CRC, and mandatory greenhouse gas reporting, and is the only measure that companies must take to report on their carbon. In their annual reports, companies must put down the scope 1, 2 and 3 emissions, including gas, electricity and other fuels, principal energy efficiency measures and a metric to show whether their emissions are growing or shrinking. This measure, which is part of the law, is not being undertaken by many companies, just from a lack of knowledge. Companies understand ESOS, the energy savings opportunity scheme, which happens every four years, but many just do not understand that they should undertake SECR. This measure would help them understand not only the carbon they are producing but ways of limiting that and limiting their costs.

That leads me to the second point. I work with many companies understanding their scope 1, 2 and 3 emissions. Scope 1 emissions under the GHG protocols are direct emissions such as burning gas. Scope 2 are indirect emissions such as electricity, and scope 3 are emissions from their supply chain. Unless we move forward and get companies to understand how to report on this and how to convey that information down the

supply chain, it does not matter what targets we have for reducing carbon dioxide; they will not be achievable. The majority of carbon that most companies emit is through all the actions undertaken in their supply chain.

I very much hope that the Government can look, maybe in the energy Bill, at ways in which BEIS could increase the knowledge base around how companies should understand looking at their carbon footprint through their supply chain. One of the problems I face, with a number of companies I work for, is that you go and talk to their boards and for the first 10 minutes it is all smiling and happy because they can understand scopes 1 and 2, but then it becomes more serious and you spend an hour talking about scope 3, at which point the very size of the climate change problem we face becomes understandable and very complicated for many companies. Are there any plans to increase work on SECR? Secondly, will the Government consider working through BEIS to help industry understand its scope 3 emissions?

7.54 pm

Lord Sarfraz (Con): My Lords, when I think of all Britain's success stories over the years, it is hard to look at our domestic automotive industry without a great sense of pride. I draw the House's attention to my interests as set out in the register, particularly in early-stage battery technologies.

The United Kingdom has been blessed with industry pioneers: Frederick Bremer built the country's first four-wheeled petrol engine car; Herbert Austin, a Member of your Lordships' House, led the UK in capturing global market share; Michael Stanley Whittingham won a Nobel Prize for the development of lithium-ion batteries in this country; and Andy Palmer launched the world's first mass-market electric vehicle. But sadly, our domestic auto industry has been in a steady, gradual decline.

We used to be the world's largest car exporter and the world's second-largest car producer, but last year we made just 930,000 cars—fewer than Slovakia, the Czech Republic, Canada and Indonesia. We now make less than 1% of the cars in the world, yet the industry still supports the jobs and livelihoods of more than 800,000 people. All the great names of British auto making have been acquired by foreign competitors. While we welcomed the foreign investment, it also means that key decisions happen in overseas boardrooms, with distinct corporate cultures and ultimately competing priorities to those of UK plc.

It is no accident that Governments in the largest economies around the world have gone to great lengths to support their auto industries. During the 2008 financial crisis, the Japanese, German, French and US Governments all stepped in and recognised the importance of their car industries to their economies and the shadow they cast on associated industries. The industry does not just make cars; it makes skilled people who end up in aviation, logistics, academia, engineering, construction and elsewhere. In 1939, the car industry was able to pivot its manufacturing capability to drive the war effort, and in 2020 it was the car makers that pivoted to create ventilators in our moment of need.

We have an opportunity now to revive the car industry. It is transforming itself with the deployment of electric vehicles. We have a chance to retool, re-evaluate and recreate a new supply chain that includes the mass production of batteries. Chief among our needs is attracting four to six battery manufacturers to the UK instead of the EU. Duty regulations mean that batteries must be made in Europe by 2026, yet almost all cell makers are setting up in the EU simply because they can access bigger grants in lower-cost countries and in a political environment that makes EV batteries a project of strategic importance.

The gracious Speech highlights levelling up, economic growth and net zero, all themes in which the auto industry can play a starring role. But we cannot level up unless there is a level playing field, and that is what the Government need to deliver to our car industry.

7.57 pm

Baroness McIntosh of Pickering (Con): My Lords, I congratulate the right reverend Prelate on an excellent maiden speech. I spent five happy years as the Member of the European Parliament for Essex North and Suffolk South, and I hope we can work together on rural issues, not least the threat of closures of rural churches at this time.

It is indeed a special occasion to contribute to the humble Address in Her Majesty's Platinum Jubilee year. I will focus on the rural economy, food, farming and the role of market towns. Rural dwellers rely on access to schools, hospitals and affordable homes, with good connectivity for broadband, wi-fi and mobile phones, all of which can be immensely challenging, so anything to grow and strengthen the rural economy would be very welcome indeed.

Farming lies at the heart of the rural economy. As direct payments are phased out, there will inevitably be hardship, especially for tenant farmers who may not be able to claim under the new schemes. The gracious Speech said that

"Ministers will encourage agricultural and scientific innovation at home."

I hope this will benefit hill farmers, small family farms and, most especially, tenant farmers.

There is effectively a ban on the export of animals at the moment. I understand that it is impossible to export farm animals, even for breeding purposes, as there are simply no facilities to receive and process them at any continental port. If that is indeed the case, will my noble friend investigate and see whether the trade in farm animals for breeding purposes can resume as soon as practically possible?

The Government are to continue to champion international trade, and I wish them extremely well in that endeavour. However, I am hesitant about the Government renegotiating the commitments freely entered into in the Northern Ireland protocol which were key to securing the trade and co-operation agreement with the European Union. Will my noble friend today give a commitment that in any negotiations for new trade deals the highest possible standards of animal health and welfare will be sought for imported products, the same as for domestic production?

There is a severe need for warm, safe and affordable homes. I refer to my interests in the register. I am president of National Energy Action, and I applaud its campaign for everyone to have a safe and warm home. I am also a member of the Church of England's rural affairs group. It is essential that the Government endeavour to insulate better, make homes more energy efficient and ensure that homes and businesses are more resilient to floods. The energy security Bill will provide an opportunity to do so. There are many people currently living in food poverty, fuel poverty and water poverty, particularly due to the spike in global wholesale prices, compounded by limited gas storage of up to only 60 days in the UK, which seems to be uniquely low among European countries. That is aggravated by the war in Ukraine impacting on fuel and food prices as well as on the supply chain for food and animal feed.

The energy security Bill should also look at the structure of the energy market, where I understand that consumers have paid £2.6 billion for the cost of failure of energy companies in the past year alone. With the green levy adding 20% to electricity and gas bills and the ever-increasing rise in the price cap, which I understand could go up to £2,800 by October this year, with a further increase in January, this is simply not sustainable. Wind farms onshore and offshore will obviously form part of our renewable energy supply, but they rely on pylons and overhead line transmission. Not only are they ugly and intrusive, but they lose 30% of their energy in transmission, so they are extremely wasteful too. We need to do much more work on offshore wind farms, which can be immensely damaging to wildlife at sea, to establish the impact on sea mammals.

Those living in the countryside will welcome the commitment in the gracious Speech that the planning system will be reformed to give residents more involvement in local development. Undergrounding overhead wires and heat and electricity generators producing energy from waste will lead to a better understanding and a warmer local welcome for such facilities, as has been seen in many European countries. Can my noble friend say what has happened to the millions raised by the unexpected windfall from VAT on fuel, which others have mentioned? We look forward to another busy year.

8.03 pm

Lord Northbrook (Con): My Lords, Her Majesty's gracious Speech is full of good intentions. The first paragraph states that

"Her Majesty's Government's priority is to grow and strengthen the economy and help ease the cost of living for families."

The second paragraph states:

"This will be underpinned by a responsible approach to the public finances, reducing debt while reforming and cutting taxes. Her Majesty's Ministers will support the Bank of England to return inflation to its target."

So far, so good. However, the economic situation on the ground is far from satisfactory, with the cost of living crisis continuing to grow and inflation continuing to rise.

More immediate measures are required to tackle these crises. I am not normally in favour of a major tax rise, but, when you see companies such as BP using its surplus funds not to invest in new exploration but

[LORD NORTHBROOK]

instead returning cash to shareholders, it seems right to me to make a one-off levy and use the proceeds to support those most affected by rising energy bills. I also like the idea advanced by the noble Baroness, Lady Kramer, of cutting VAT for a period. I deeply regret the national insurance rise and am nervous about the universal credit change.

Rising food prices are a much more difficult area to tackle. The Ukraine crisis has had a major effect on wheat prices, and the recent news that India is banning wheat exports will add to the problem. The Government's policy of encouraging land to be taken out of food production seems perverse when we are going to need to be more self-reliant for our food supply. When I moved an amendment to the Agriculture Bill proposing that UK food production should be supported, it was opposed not only by my own party but by Labour. But if we produce more of our own food, we may have better control over some of our food prices.

The issue of inflation is much more complicated, but, like my noble friend Lord Forsyth, I believe that the Bank of England has been asleep at the wheel on it. In September last year, when inflation was already double the Bank's target, I listened to the governor making an unimpressive speech to the Society of Professional Economists. He said:

"Our view is that the price pressures will be transient".

On quantitative easing, he asked

"what impact do you get from continuing purchases in market financial conditions, and particularly at a time when inflation is rising as it is?"

He argued that QE should continue

"because we regard the current upturn in inflation as transient, our view on the continuing role of QE is conditioned by our forecast in August that had inflation returning to target within an acceptable period of time."

Even without the Ukraine crisis, this was a complacent view, and I believe that, even without the benefit of hindsight, QE should have been discontinued before now. As I said in a debate on the Spring Statement, we should have paid more attention to the out-of-control money supply situation.

Moving to Bills proposed, I support the Levelling-up and Regeneration Bill and the reform of the planning system to give residents more involvement in local development—as long as this does not produce a deadlock in any sensible local business planning projects. I also support the establishment of the UK Infrastructure Bank in legislation. This is with the proviso that it does not emulate the British Business Bank's handling of the disastrous Covid loan scheme. I support the Procurement Bill and agree with the inclusion of measures to simplify public sector procurement to provide new opportunities for small business.

I note with interest the financial services and markets Bill, which the Speech states will

"strengthen the United Kingdom's financial services industry".

But how will it ensure that it

"continues to act in the interest of all people and communities"?

I welcome the genetic technology Bill seeking to encourage agricultural and scientific innovation at home. Declaring my interests in the register, I also

support its intention to unlock the potential of new technologies to promote sustainable and efficient farming and food production.

Finally, I wish to register my strong objection to the possibility of scrapping the Northern Ireland protocol. Does the Minister not believe that this could lead to a very damaging trade war with the EU, which would be very bad for our economy at such a difficult time?

Are the Government in control of the situation? Like my noble friend Lord Bridges of Headley, I have my concerns. Economic growth is slow, and plans to increase it are vague. A huge burden of debt interest still exists, with a danger of stagflation and wage-price inflation, including the costs of infrastructure projects such as HS2 being out of control. Overall, the Chancellor must urgently take steps to tackle the cost of living crisis.

8.09 pm

Lord Birt (CB): My Lords, I do not for one moment underestimate the herculean difficulty of planning to achieve net zero by the due date. The core difficulty is that many of the technologies that we will need are embryonic and their economics are uncertain. I was educated in the sciences, and I do not doubt for one moment that brilliant and ingenious scientists will one day come to the world's rescue, as they have done so magnificently with the Covid vaccines—but we cannot simply sit by and wait for those inevitable breakthroughs to occur.

We know that we will need greatly to increase our electricity generation, and by non-carbon means, and that we will have to decarbonise transport and the heating of our homes and buildings. It is common ground that wind, solar and nuclear should be the prime sources in the future of electricity generation. But renewables, as we all know, are intermittent, so it is less clear how we will cope with the massive daily and seasonal variations in demand.

Battery technology for storage to meet peak demand is slow to progress. The economics of using renewable and nuclear power off-peak to create clean hydrogen as an energy source are not yet settled, as the clinical BEIS analysis earlier this year identified. Carbon capture and storage is another technology still in its infancy, and its economics are also unclear, so decarbonising the use of hydrocarbons to cope with peak electricity demand is yet another uncertainty.

The electrification of most road vehicles offers the easiest path forward to decarbonisation. The Government have willed the ends but not, so far, the means. I own an EV and can testify vividly that the UK's current charging infrastructure is unreliable and chaotic. Let me give one tiny example. In the first days of installing our home charge point, the local DNO delivered electricity outside the statutory range and disabled our charger. It was extremely challenging to diagnose and remedy the fault. Where is the Government's framework for ensuring that every kind of home, whether in a tower block, a terraced street, suburbia or a country village, has access to a charge point which is as easy and convenient as filling your tank with petrol?

As for rail transport, we will not be able to afford to electrify all our railway lines. Will biofuels or hydrogen power our trains on these non-electrified lines?

Home heating is a most challenging issue. Air and ground pump technology is far more energy efficient than resistive electric heating, but at the moment it produces a low ambient temperature and is ineffective without 360-degree insulation of floors, walls, windows and ceilings. We have the oldest housing stock in Europe; insulating it will be a massive and extremely expensive task. Where is our long-term approach to that? We have invested vastly in our gas grid. We could replace natural gas with hydrogen, but again, the cost currently looks prohibitive.

As I said, I really do sympathise with the scale and complexity of the challenge the Government face in identifying the optimum economic path through these uncertainties, with many Whitehall departments involved, not least transport, housing, local government, BEIS and the Treasury. In his closing remarks—or, if that is not possible, in a letter—could the Minister please explain how the Cabinet Office is herding the cats, and creating and co-ordinating a coherent path to pick a reliable way to our net-zero target?

8.14 pm

Lord Altrincham (Con): My Lords, I welcome the right reverend Prelate to this House, and I look forward to hearing more about his greenhouse in the future. I also thank all noble Lords for their courage in staying past position 50 in the speaking order; those of us who are past 50 are particularly touched that you are all still here.

I declare my interests as a regulated director of the Co-operative Bank in Manchester and South Molton Street Capital. I shall make a few remarks on the financial services Bill. My noble friend Lady Penn opened this debate with comments on that Bill. We might feel a little disheartened that we have to look at these things, particularly given the weight of business that we have ahead of us in the Session, but we have also heard about the range of other Bills that are coming. We have heard from noble Lords through the afternoon about various different important plans for the future—spending on battery technology and hydrogen. We have heard about tidal from the noble Earl, Lord Liverpool, and the noble Baronesses, Lady Whitaker and Lady Hayman. More broadly, we have infrastructure and digital commitments, with the transition to net zero and the green economy. They all have in common the need for private sector financing. The key to making that possible is in the financial services Bill.

Unfortunately, at the moment we are going through a period in which regulation and financing in this country are extremely cautious. We are at the part of the cycle of maximum caution, which is mixed with a kind of absence of scrutiny, which makes it really difficult to finance almost anything long term. It is very hard for the banks to put long-term debt on their balance sheets, and it is very hard for a lot of investment companies to make long-term investments. We have seen in recent years great commitments made and stuff not happening, with half-built nuclear power stations and that kind of stuff. The key to unlocking this is in the financial services Bill, in the supervision of financial services.

All of that is to say that prudential supervision is very important. I worked closely with the Government in the bank rescues in 2008, and I very much appreciate that bank stability must be at the heart of our economy. However, with bank stability we get a bunch of other things. For example, we get extremely poor service. We all use the ring-fenced retail banks in this country, and we tolerate extremely poor service and long waiting times from businesses that are supported by the Government as public utilities. They have the taxpayer behind them—this is on the ring-fenced side, not the broader side—in return for their public utility service. But we are seeing them close down branch after branch, right down to the last branch in a community, and we are actually regulating down to the last branch and beyond. Could we ask the regulators to pause the closure of the last branch in a town, at this point? These are utilities—it is extraordinarily important. We have heard about the importance of access to cash, but it is not just about that; it is about access to regular banking services.

More broadly in banking, with this culture of prudential caution that we have, we are seeing incredible restrictions on investment activity because of the need to gold plate bank capital standards. We ask the banks to have such high bank capital standards—actually, the highest in the world—that it restricts access to long-term investment capital. There is no challenge to this at the moment until we rebalance regulation. Alongside that, we have a culture that we have heard about quite a few times in glancing references to what is happening at the Bank of England—a culture of defensiveness, and a reluctance to bear scrutiny and bear challenge. That is part of the regulatory position, but there are other things as well; we have a regulator that will delay for months approval of positions in banks, showing a complete disregard for the private sector. That is an absolutely intolerable way in which to behave—again, unsupervised. We also have a culture in which the regulators put enormous costs on to the private sector. A very good example of this was the incredible cost put on the private sector through the LIBOR transition last year—and that passes unsupervised.

I have hit my time limit, but I ask the Minister just to comment on the access to long-term capital and rebalancing the supervision of financial services. I look forward to hearing more.

8.19 pm

The Earl of Leicester (Con): My Lords, by my calculations I was due to speak in five minutes, so we have all done incredibly well to keep to time, or indeed to make five minutes up. I declare my interests as set out in the register, in particular farming and renewable energy production.

Renewables are a passion of mine, and as a country we are heading in the right direction. The Government are leading the way in decarbonising the economy, and the biggest win is the national energy infrastructure, which has cut CO₂ emissions by 76% in the last 10 years.

The Prime Minister said that the sale of petrol and diesel cars should be banned by 2030. That led, of course, to the sale of electric vehicles outstripping the sale of conventional cars in the last two to three months.

[THE EARL OF LEICESTER]

That is very laudable, but I refer to the example of Covid vaccines. When Covid came in in March 2020, or probably even a little later, we were told that we would not get vaccines for three years. Thanks to the ingenuity of the human race, we got them in nine months. I wonder whether it would not have been wiser for the Prime Minister to say to the automotive industry, "If by 2030 you cannot not produce a car that does 250 miles per gallon on a petrol engine"—your Lordships might say 300—"it will be banned." The industry would have achieved it, and then we would have had a balance of electric, clean petrol, and, I hope, hydrogen cars too.

We will still need oil; we still have oil. You will remember from science lessons the refractory tower. At the top of it comes aviation fuel—avgas. I cannot see commercial jet aeroplanes flying on batteries for the next 40 to 50 years. At the bottom of that tower, tar comes off, which we need for making bitumen to build new—and indeed repair—roads.

We need a balance of energies in our national energy system. Mercifully, renewable energies are indeed now the cheapest source—especially wind and solar, but also biomass and ground and air source heat pumps. But until we have built up reliable battery storage—with technology and ingenuity we will get there—we will need gas for when the wind is not blowing and the sun is not shining. The great advantage of gas with regard to national energy is that you can switch it on in minutes and ensure that everybody still has electricity. We will need oil, nuclear and maybe even one or two coal-fired power stations—one in Cumbria springs to mind. I say this as someone who is passionate about renewables and the environment.

Some may say that we do not have time; the clock is ticking. What if I am wrong? Well, I say the safety net is regenerative agriculture. We cannot legislate to make all farmers regenerative, but the volatility of energy prices and the sky-high prices now of artificial nitrogen caused by the war in Ukraine are making more and more farmers consider how they farm. Groundswell, the regenerative farming show, now outstrips Cereals as one of the most popular farming shows to go to. The Oxford Real Farming Conference now sells more tickets than the traditional Oxford Farming Conference.

Regenerative agriculture respects mother nature and uses fewer expensive chemical inputs. Soil fertility, natural nitrogen and water retention all build up, as does, crucially, biodiversity. If all the farmers of the world converted to a regenerative system—I appreciate that it is a fairly big ask, but in third-world countries many systems are regenerative because they have not been lured over by artificial nitrogen—we would sequester carbon at scale and solve the problem of climate change in two to three years.

8.24 pm

Lord Fox (LD): My Lords, it is a great pleasure to speak in the debate on Her Majesty's gracious Speech. I congratulate the right reverend Prelate the Bishop of St Edmundsbury and Ipswich on his very thought-provoking maiden speech.

This has been, by definition, a very wide-ranging debate, and there have been over 50 contributions, many of which have been absolutely excellent—not least from my noble friends on the Benches behind me. I will not attempt to summate those 50 speeches in my 10 minutes, but I am sure that the Minister—the noble Lord, Lord Callanan—will respond in his normal enthusiastic and helpful way to all the points raised by your Lordships today.

The net-zero points raised by my noble friends Lady Parminter and Lord Redesdale were really important but I will focus my comments on economics and business, as befits my portfolio. One issue dominating a number of speeches today, which was not in the Queen's Speech, is the role of the Bank of England. Almost everyone who spoke on this subject agreed on the facts of what has been going on; what varied was the tone. Here I think we have to be a bit careful; the noble Lord, Lord Griffiths, encapsulated that in his speech. It is important that this country has an independent Bank of England with the confidence to exercise that independence properly. We have to be careful not to undermine—or set in train a process that undermines—that overall process. We in your Lordships' House have a duty of care around this issue.

The noble Lords, Lord Bourne and Lord Bridges, were searching for vision in their speeches. I had the same issue when analysing the Queen's Speech so I went back to the nearest thing I could find—or at least the nearest thing purporting to be a vision—which is the *Build Back Better* brochure. This is 100 colour pages, the purpose of which, as far as I could tell at the time, was to replace a semi-coherent industrial strategy with a series of initiatives and press releases. However, if you read the foreword from the Chancellor, you see that it is the Government's plan for growth, so I thought it might be worth trying to test that against where we are now.

Fifteen months have transpired; how is the process going? Well, "better" is not a word that I would use to describe the situation. As we have heard from many speakers, not least my noble friend Lady Kramer, the Bank of England said this month that inflation would probably peak at over 10% this year and potentially send GDP growth into reverse. In other words, the UK is likely to be heading for either recession or stagflation, a word that many of your Lordships have used today. Yet, with inflation raging, the Government have chosen to raise the taxes that everybody pays. Thanks to this Conservative tax hike, households are paying an extra £1.6 million in tax every hour of the day—I repeat, £1.6 million per hour.

David Smith, economics editor of the *Sunday Times*, summed things up very well in his column:

"As things stand, we seem to be building back worse, with the worst inflation problem for 30 years and a badly functioning labour market with a reduced workforce and labour shortages. We have poor short and medium-term growth prospects—with the economy struggling to keep its head above water—and a lot more government debt. In prospect is the highest tax burden since the country was emerging from the Second World War under the Attlee government in the late 1940s."

That encapsulates the situation in which we find ourselves today, yet the Queen's Speech addresses none of these issues. In fact, it almost seems to ignore the horrible

economic prospectus set out so clearly. This not only threatens the lives and welfare of most people in this country but bids fair to send many firms to the wall at the same time.

Quite rightly, business organisations have voiced their concerns about the Government's economic stasis. Responding to details of the Queen's Speech, the director-general of the British Chambers of Commerce, said that

"unless the Government takes immediate action on the economy, they will come too late to help many firms."

Of course, at the heart of this are increased energy costs, and we should be clear that this was already an issue before the Ukraine war, but this brutal war will make a temporary issue much more long term; that cannot be ignored. As we have heard, it is clear that we have to escape absolutely our dependency on volatile oil and gas prices and deliver net zero. Global economics and geopolitics are reinforcing the overwhelming environmental arguments.

The Government have published an energy security strategy. The fact that the issue is being discussed is welcome, and indeed some of the long-term strategies are on really important matters that we should look forward to. However, the strategy really focuses only on the long term—for example, it proposes nuclear that will not be available until at least after 2030—but it is the short term that is crippling the country. To get to a point where this strategy starts to kick in, we have first to negotiate the next three winters. That is crucial and a difficult challenge, but nothing so far indicates how we are going to do it. Make UK, the manufacturers' organisation, is very clear on this issue: the projects that are mentioned in the strategy cannot be delivered quickly and, at a time of spiralling energy costs and myriad other financial burdens on business, industry desperately needs urgent action, but nothing seems to be forthcoming. So perhaps the Minister can tell your Lordships' House how the energy security Bill will deal with the immediate issues that we face.

One of the key pillars in the *Build Back Better* brochure is innovation. I have looked through the Queen's Speech but I find nothing that seems to drive the innovation agenda. Why is it being ignored? Of course, last Session, we had the Advanced Research and Invention Agency Act, which was presented very much as driving innovation and productivity. I seem to recall a triumphant Minister at the Dispatch Box announcing the appointment of Dr Peter Highnam as CEO. I do not remember him coming back and telling us that Dr Highnam quickly withdrew his candidacy. Perhaps the Minister could update the House today on why Dr Highnam withdrew, when a CEO will be appointed, when a chair will be appointed and when the location for the HQ will be announced. When will ARIA actually have a material impact on anything that is going on in this country?

We all worked hard to deliver the Economic Crime (Transparency and Enforcement) Act in super-quick time in the last Session. A lot of that speed was predicated on the necessity of a second Bill in this Session, so I welcome the inclusion of an economic crime and corporate transparency Bill in the gracious Speech. However, can the Minister confirm when we

can expect to debate that Bill? Will he also update the House on progress with implementing the first Bill, which we passed in the last Session? There was a lot to do in implementing that Bill, and we would like some sense of where we are. It appears to have gone a bit quiet but the whole Companies House issue needs to be started now because of the huge culture change that we need to see in that organisation.

In conclusion, when it comes to the economy and business, the Queen's Speech is remarkable for what is missing. It seems to limp into the future without addressing how we are going to negotiate the present. We need action to help people to meet their bills, and we have to find a way of doing so now. Many noble Lords have mentioned a windfall tax on energy, not just from the Benches on this side but right across your Lordships' House. In general I am not a fan of measures such as windfall taxes, but the logic of the case for it here is clear and the need for it seems to me to be irresistible. I think even the Prime Minister is supporting it, and there is only one person stopping him from doing it.

With energy prices soaring, the oil majors have announced eye-watering increases in profits and have accelerated share buybacks. The Government cannot reduce the cost of energy on the world market but they could use cash from a windfall tax to help the most vulnerable people and businesses. They could pull hard-pressed families back from the brink. To do that, we need an emergency Budget, not only to reinstate the £20 uplift in universal credit but to reduce VAT as soon as possible. As many noble Lords have pointed out, dark clouds of poverty are looming over our economy, and every day of inaction from this Government will force more people to make the heartbreaking decision between heating and eating. I am afraid that this Queen's Speech does absolutely nothing to address that issue.

8.34 pm

Lord McNicol of West Kilbride (Lab): My Lords, the economy, energy and the environment are three of the biggest challenges that we as a country now face. It is no wonder that so many from across your Lordships' House wanted to contribute to this debate.

I start by thanking all those who have spoken. There have been many thoughtful and thought-provoking speeches—your Lordships' House at its best. I particularly thank my noble friend Lady Jones of Whitchurch for her opening contribution, in which she clearly outlined the fundamental failure of this Queen's Speech when she said:

"We know that what really concern people are the cost of living crisis, the huge rise in energy bills, lengthening NHS waiting lists and the impact of climate change on our future well-being. However, instead of a programme to address these very real concerns, the Government have chosen to pick fabricated fights to please a dwindling group of core supporters."

I also congratulate the right reverend Prelate the Bishop of St Edmundsbury and Ipswich on his maiden speech and offer these Benches' support in addressing his priority—the challenges facing young people in towns and villages—which we are more than happy to support.

The Queen's Speech contained 39 draft Bills, of which two sit in the Treasury, two in Defra and two and a half in BEIS. It is not just the lack of Bills that

[LORD McNICOL OF WEST KILBRIDE] worries me but the content of them. They feel woefully inadequate to deal with today's challenges across the economy, environment and energy. Inflation is currently at a 30-year high, with the potential for it to peak above 10%. An environmental crisis is rapidly approaching and looming, while millions of families are facing the catastrophe of soaring energy bills. My question to the Minister is this: does he really believe that the Bills as set out in the Queen's Speech address these challenges? If he does, which is what I expect him to say, can he outline how the Treasury, BEIS and Defra Bills will actually deliver on that? Will he also answer some of the questions from his own Benches, specifically those from the noble Lord, Lord Forsyth?

I start with the economy. Over the last five hours of this debate, we have heard speech after speech and statistic after statistic on how the Government are failing on the economy—and that is just from the Government's own Benches. This Government have overseen a decade of low growth. The IMF has predicted that, in 2023, the UK will slump to the bottom of the G7 league table. In March, the British Chambers of Commerce downgraded its own growth forecast for 2022 by half a per cent on its previous estimates, reflecting a deteriorating outlook for consumer spending and a weaker than expected rebound in business investment. Most people are experiencing real-terms pay cuts this year and are likely to do so for the next few years. As my noble friend Lord Chandos said in addressing these issues, it is painful for many but it is devastating for the poorest.

The Bank of England has increased the base interest rate from 0.75% to 1% in order to counter inflationary pressures, but this will further squeeze household incomes. The Bank of England has warned that, for many years, the cost of living crisis will feel more like a recession. While the Government like to talk of record numbers of vacancies, many businesses are finding that they are simply unable to recruit the staff that they need, holding back their potential and that of the wider economy. Rather than presenting a coherent set of measures to tackle the cost of living crisis and rebalance the economy, the Government's answer to poor economic performance appears to be deregulation of financial services, which could pave the way for a repeat of past financial crises.

The financial services and markets Bill should be about how financial systems work for the people, by prioritising financial inclusion, green investment and the regulation of emerging markets such as those relating to cryptocurrencies—but I fear it will not. These Benches welcome the UK innovation bank being put on a statutory footing, but there needs to be greater and more consistent focus on green investment.

The Queen's Speech did nothing to revisit social security uprating, as my noble friend Lord Wood and many others outlined. That is despite the Prime Minister committing to consider a more generous increase when he appeared before the Commons Liaison Committee earlier this year. As the noble Lord, Lord Bridges, said, the Government say one thing and do another. A variety of charities are warning of an exceptional growth in poverty unless the Government ensure

that social security payments keep pace with inflation. In response to the Queen's Speech, the Trussell Trust noted that, for many families, life is

“no longer about living but surviving”.

For millions of families facing the catastrophe of soaring energy costs, the Government's energy Bill is hopelessly inadequate. There is nothing to tackle the cost of living crisis, to bring forward energy efficiency measures or to ensure the green energy sprint that could bring down bills. The current energy crisis is a product of failed energy policies. British people are paying the price of higher energy bills now, because of the Government's failure, over the last decade, to properly regulate the energy market or to develop renewables. Fortunately, we have seen some progress on nuclear power and will see more nuclear build, but more needs to be invested in renewables.

The Government could, today, have introduced greater support for working families and pensioners facing these rising bills, funded by a windfall tax on oil and gas companies. Nor does the Bill contain the measures desperately needed to end the ban on onshore wind and to build a national mission of home insulation. A decade of failed energy policy has left energy bills too high and the UK's energy system just too weak. Labour would have brought forward an ambitious energy Bill that took real action to bring down energy bills, accelerate the green energy sprint and strengthen the UK's energy security.

Finally, on the environment, the Covid pandemic served to highlight the importance of open and outdoor spaces. This Session of Parliament will see us debate a number of vital environmental targets, but, as the noble Baroness, Lady Hayman, rightly highlighted, this will be done by secondary legislation enabled by the Environment Act. The process underpinning this has been chaotic from the start. That, coupled with a lack of environmental content in the Queen's Speech, does not instil in us sufficient belief that the Government have the ambition to solve this crisis. Given the severity of the climate crisis and the level of public interest in it, it is disappointing that the Government are not doubling down on commitments relating to net zero—an opportunity missed. The Government seem to have chosen to devote more time and political capital to stopping climate-related direct action from protesters than to solving the issues they are raising.

In conclusion, this Queen's Speech feels light and full of rhetoric, with little ambition. To quote the noble Lord, Lord Tugendhat, there is an “absence of urgency”. Where is the high-skill, high-tech, high-wage Britain of the 21st century? Where is the plan to rebalance and rebuild our economy? Where is the plan to reduce energy bills for consumers and businesses? And where is the promised employment rights Bill? The Government simply do not have the answers to the challenges our country now faces.

Tomorrow, Labour will give the Government another chance to support a windfall tax. As we have heard, there is much support for this across the Floor of the House. Let us hope the Government take that opportunity.

8.45 pm

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, as always, it has been a great pleasure to hear so many varied and valuable contributions over the last five hours and I thank everyone who has contributed to this important debate.

First, it was, of course, a great pleasure for the whole House to be able to welcome the right reverend Prelate the Bishop of St Edmundsbury and Ipswich to this House, and I congratulate him on his excellent maiden speech. The House will know that I am a great football fan, so on maiden speeches I always try to look at the football affiliations of the Member joining. Of course, Ipswich Town is where the right reverend Prelate comes from—or, rather, represents in his bishopric—but when I saw that the nickname of Ipswich Town is the Tractor Boys, I thought, maybe we will not go there on this occasion. He joins this House with much valuable experience, gained domestically and internationally, and I am glad that he is now recovered enough to speak today on the challenges that we face on the climate. To that end, I hope that his horticultural pursuits, with which he entertained the House, continue to flourish, and I agree with him that planting trees is a symbol of hope and faith in the future. We will all look forward to his contributions when the energy security Bill is brought before this House later in the Session.

Many of us have years—perhaps more years than we care to remember—of experience under our belts. We have seen many crises come and go, but these past couple of years have of course been particularly testing. The war in Ukraine has shocked us all, but, beyond the horrors it has wreaked on the poor people there, it has increased the cost of energy and food across the entire world. Many in this country have moved from worrying about living through a pandemic to worrying about the cost of simply living. But, as my noble friend set out, and to answer the question of the noble Lord, Lord McNicol, the Government's legislative agenda for the coming year will aim to meet many of these challenges head-on.

The Government of course know that the rising cost of living is making life harder for people. We know that people are worried, and we do not seek to minimise that worry, but we do seek to alleviate as much as we can. The noble Baroness, Lady Jones, raised a number of points when she spoke on behalf of the Opposition at the beginning of this debate and I hope that, over the course of this speech, I can respond to many of those points. I start by reassuring her and other noble Lords, including my noble friend Lady Noakes, the noble Baroness, Lady Drake, and my noble friends Lord Bridges and Lord Horam, who all rightly talked about the challenges we face on the cost of living, that we stand ready to help shoulder the burden and we have already provided support worth more than £22 billion in 2022-23. We are boosting the incomes of the lowest paid and helping families with their energy costs.

As the noble Lord, Lord Wood, pointed out—I do not know whether he is in his place; I cannot see him—inflation adds another layer of concern, particularly

for families. As noble Lords will know, monetary policy is of course the responsibility of the MPC of the Bank of England, but my noble friends Lord Tugendhat and Lord Forsyth spoke about the make-up of this committee and the efficacy of the 2% inflation target. I hope noble Lords will understand that separation of fiscal and monetary policy is a key feature of our economic framework, but, on the first point, appointments are made on merit following fair and open competition, and, on the second, the Chancellor has reconfirmed the 2% inflation target. The Chancellor is also taking practical action that will help households ride out this extremely stormy period. He has increased the national insurance primary threshold and the lower profits limit to £12,570. The Government have cut fuel duty and the universal credit taper rate. We have increased work allowances by £500 a year and, of course, increased the national living wage to £9.50 an hour.

The noble Lord, Lord Bilimoria, speaks with authority when he tells us about the current attitude of business and the current tax rates. However, I reassure him and my noble friend Lady Noakes that the tax plan announced at the spring Statement will allow further tax cuts in the future—conditional, of course, on fiscal sustainability and robust levels of headroom.

Equally, my noble friend Lord Bridges asked for more help for the most vulnerable in our society. I can tell him that our modelling shows that the poorest 60% of households receive more in public spending than they contribute in tax and that households in the lowest income decile will, on average, receive more than £4 in public spending for every £1 that they pay in tax.

My noble friend Lord Altrincham asked, rightly, about bank closures. I of course recognise the importance of appropriate access to banking. However, the way that consumers interact with their banking is changing. Decisions on opening and closing branches are a commercial issue for those banks and building societies. Clearly, banks need to carefully consider the impact of planned closures on customers and ensure that those customers are treated fairly. I hope noble Lords will also agree when I say that by growing the economy and investing in the long term, and through levelling up the United Kingdom, we can help to mitigate the worst effects of the cost of living crisis.

As the noble Lord, Lord Londesborough, noted, productivity has long been a puzzle that remains unsolved. The Government recognise that vacancies are at a record high of 57% above the pre-pandemic level. However, unlike the puzzles given as Christmas gifts, this is one that we are determined to complete. That is why the Government launched the Way to Work campaign to get 500,000 jobseekers into work by the end of June 2022. We are quadrupling the scale of employer-led skills bootcamps to provide more retraining opportunities for adults in high-growth sectors. It is also why, as noted by the noble Lord, Lord Monks, we must ensure that employers play their part in improving conditions and pay to attract workers. I am of course delighted to remind the noble Lord—I know he does not like hearing this—that the UK has one of the best employment rights records in the world. It is well known that in many areas the UK goes much further than the EU on worker protections.

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My noble friends Lord Colgrain and Lord Shinkwin spoke about making a more favourable environment for part-time workers, retirees and disabled people. I share their views that we cannot and will not neglect these important groups.

The noble Lords, Lord Haskel, Lord Monks, Lord Hendy and Lord Woodley, my noble friend Lord Colgrain and the noble Baroness, Lady Donaghy, all asked why there is no employment Bill. I reassure them all that as we rebuild our country after the hardships of the pandemic, the Government are committed to building a high-skilled, high-productivity and high-wage economy worthy of the people who worked so hard to get us through that pandemic. I reassure noble Lords that the Government remain committed to bringing forward legislation to deliver on their manifesto commitments on employment as soon as parliamentary time allows.

As we look towards how we grow the economy, I agree with my noble friend Lord Hunt on the importance of competitiveness within the financial services market. The sector plays a critical role in ensuring that this country remains an attractive place to do business; indeed, it helps to attract investment. I am sure that my colleagues in the Treasury will welcome his scrutiny of the Bill, and that of my friend Lady Noakes, when it eventually comes to this House.

Let us remember that this is still a country that other nations want to do business with and one which, with its spirit of enterprise and openness, still delights in attracting global investors. The noble Lord, Lord Razzall, said that Brexit has not worked. I would respond that we are still very much a country to be reckoned with and that between 2019 and 2027, the UK is forecast to see the third highest growth in the G7, behind only Canada and the United States. Our fintech community is thriving and, as my noble friend Lord Holmes noted, can continue to play its part in growing our economy. The Government have confirmed that they will provide £5 million of seed funding for the creation of new industry-led centres for finance, innovation and technology to help tackle the barriers to growth and accelerate the UK fintech sector.

The noble Lords, Lord Davies and Lord Sikka, asked about audit and corporate governance reform. The audit, reporting and governance authority—ARGA—will protect and promote the interests of investors, other users of corporate reporting and the wider public interest. The noble Lord was right to say that regulation should be proportionate, and I welcome his further engagement as we refine the legislation. I particularly enjoyed the trenchant criticism from the noble Lord, Lord Sikka, of a Bill that he has not actually seen yet. Perhaps the noble Lord should wait, as we will shortly publish the Government's response to the White Paper consultation in which we will demonstrate our approach to many of the issues that he raised.

Let me respond in this section of my speech to the noble Lord, Lord Fox, who also asked about the economic crime Bill. I cannot give him a precise date for its introduction yet, but I assure him that work is proceeding at speedily as possible: lots of draftsmen are beavering away furiously on the Bill as we speak. On the implementation of the first Act, we are also

proceeding speedily with that, and I will be contacting the noble Lord shortly, he will be delighted to know, to invite him to a meeting to discuss the 12 statutory instruments that we will shortly be introducing to implement the provisions—[*Interruption.*] He asked the question and I am responding to it. Other noble Lords also took an interest in that, so, as I promised during the passage of the Bill, I will want to involve them in the discussion, because we want the register of overseas entities, in particular, to be implemented as quickly as possible.

On the subject of energy, we can all be proud of the way that this country has stepped up to support our friends in Ukraine: from sending packages of military aid for generators for hospitals to opening homes up for refugees, we the British people have shown that we will not abandon our allies during their darkest hours. Like many in this House, I am sure, it makes me so proud to see those brave Ukrainian soldiers saying “God save the Queen” as they launch more UK-supplied missiles at Russian tanks.

My noble friends Lord Howell and Lady McIntosh spoke about the impact of the crisis in Ukraine on oil and gas supply, and we continue to divest ourselves of Russian oil and gas. The Government are clear that we will not be the financial backers of Putin's war crimes. Indeed, this crisis has highlighted the need for a secure British energy supply, one that is not disrupted by war or influenced by rocketing global prices. Ultimately, we want lower energy prices so that hard-working people do not worry about the basic right of a warm home. A bold drive to create energy for the UK in the UK was outlined in our recent *British Energy Security Strategy*. I am glad that the noble Lord, Lord Haworth, with his long-standing interest in this area, supports it. We will supercharge our renewables, knowing that the hostile actors I referred to cannot control the offshore winds of the North Sea or stop the sun from shining occasionally in Kent and Wiltshire, where some of our biggest solar farms have been built.

Following on from that, the noble Lord, Lord Haworth, and my noble friends Lord Bourne, Lord Moynihan and Lord Wakeham also rightly spoke about nuclear. As we decarbonise and look for a steady load of clean electricity to complement our renewables mix, the size and importance of the nuclear sector will continue to grow. We have an aim of delivering up to 24 gigawatts of nuclear power by 2050, approximately three times the level we have today. That requires reversing decades of underinvestment in this sector. The new energy security Bill strengthens and complements that strategy, and it will secure our energy needs and build a more affordable system that is fit for the future. The Bill will complement the action we are taking right now through our £9 billion package of financial support to protect consumers from the full impact of rising prices. It will also provide high-skilled jobs and help to rejuvenate our industrial heartlands up and down the country.

I turn to the amendment in the name of the noble Baroness, Lady Bennett. Of course, she will know that, although I disagree with many of the points she raised, I respect her passion and commitment to the green agenda. She will know that the Government are already taking a joined-up approach to delivering world-leading climate commitments through our net-zero

strategy, the Environment Act and the environment improvement plan. Further, our 10-point plan, together with the net-zero strategy and the energy security strategy, is driving an unprecedented £100 billion-worth of private sector investment by 2030 into new British industries, including offshore wind, and supporting about 480,000 clean green jobs by the end of the decade.

Having said that, our oil and gas sector is still important to the UK and continues to keep us warm and strengthen our security of supply. Maximising economic recovery and oil and gas need not be in conflict with the transition to net zero: they can and should be fully integrated. The North Sea Transition Authority has therefore integrated expressly into its strategy where industry can assist the Government in meeting our net-zero target.

The noble Baroness, Lady Bennett, also spoke about the rights of way Act, which I must say we have no plans to change. Easy access to the beauty and restorative nature of the countryside is so important for people's health and well-being. That is why we have created and restored some 360,000 football fields-worth of habitat since 2010.

Many noble Lords, including the noble Baroness, Lady Kramer, the noble Lords, Lord Wood and Lord Low, and my noble friends Lord Howell and Lord Bourne, raised the topical subject of a windfall tax on oil and gas companies. The noble Lord, Lord McNicol, also raised it, as he should do as an Opposition Front-Bencher. I understand, as we see these energy companies report record profits just as ordinary people start to dread opening their latest bills, that the call is getting louder. However, noble Lords will know that the Government already place additional taxes on those companies which extract from the continental shelf. Indeed, their tax rates are double those paid by other businesses.

In response to the question posed by my noble friend Lord Forsyth, according to HMRC tax receipts and national insurance contributions for the UK statistical table, net offshore tax receipts from oil and gas production were approximately £1.4 billion in 2021-22. However, as always, the Chancellor and Government keep all taxes under review and the Business Secretary has made it clear that these companies must reinvest in the UK and in renewables.

Lord Forsyth of Drumlean (Con): I hesitate to interrupt my noble friend, but I asked my noble friend Lady Penn how much the Government were getting in additional receipts as a result of the increase in the cost of oil, petrol and so on. Some £1.4 billion is a small fraction of that; it ought to release resources which were otherwise not there and could be used, for example, to deal with universal credit.

Lord Callanan (Con): Of course there will be other increases in the likes of VAT and other taxes, which are estimated by the OBR. I will certainly speak to the Treasury and ask whether we can give my noble friend a more complete number. However, as I said, the Government keep all these taxes under review. We made it clear that companies must reinvest in the UK. In fact, Shell and BP are already investing hundreds of millions into our economy, including carbon capture infrastructure in the Humber and on Teesside.

But it is not just about energy production. Many noble Lords, including the noble Baronesses, Lady Jones, Lady Parminter and Lady Hayman, the noble Lords, Lord Teverson and Lord Birt, and my noble friends Lord Bourne and Lord Moynihan, talked about the important subject of energy efficiency. Huge progress is already being made in the energy efficiency of UK homes. In 2008, 9% had an energy performance certificate, or EPC, of C or above; today, the figure is 46%. We are already investing more than £6.6 billion over this Parliament to improve energy efficiency, much of it targeted at the poorest in our society. This includes a £1.1 billion home upgrade grant and the energy company obligation scheme, which has been extended from 2022 to 2026, boosting its value from £640 million to £1 billion per year.

Furthermore, the noble Lord, Lord Teverson, and my noble friend Lord Bourne rightly spoke about the importance of reducing energy demand. We are scaling up our consumer advice and information service to help households understand how to reduce their energy demand effectively and what longer-term actions they may need to take as part of the transition to net zero. Noble Lords also asked me about protecting those 4 million consumers on pre-payment meters. Not only were special measures put in place in March 2020 but customers are also protected by the price cap.

To move from the local to the global, my noble friend Lord Howell called on the country to stand up to OPEC. He will be pleased to know that we are in fact working with partners across the G7, the IEA, OPEC+ and other oil-producing countries to press for measures to stabilise oil prices, and with the IEA and our allies on strategic oil reserve releases. However, the current—

Lord Howell of Guildford (Con): It sounds as if my noble friend is coming to the end of his very good speech. I actually asked why, when our ports are crowded with frozen gas ships anxious to put gas into the British system—this is bearing down on the gas price now—this is not coming through to consumers in the way that surely it should.

Lord Callanan (Con): We hope that it will do. Of course the market is in turmoil at the moment, but the noble Lord rightly pointed out that we have some very advanced LNG offloading facilities in the UK. We can play our part in helping parts of the EU that do not have LNG terminals, through the interconnection pipeline. But it is an international market; there is reduced supply and, of course, we all know that the price is at sky-high levels at the moment.

However, the current volatility in global energy prices and security concerns only underscores the importance of building strong home-grown renewable sectors and reducing our reliance on all fossil fuels. The ultimate way to deal with the high gas price is of course to use less of it. That is why this Government are so excited about hydrogen, which the noble Lord, Lord Bilimoria, and others asked about. My noble friend Lord Liverpool and the noble Lord, Lord Grantchester, asked specifically about our plans for so-called green hydrogen. I am pleased to tell the House that we are introducing a comprehensive package of measures to

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get these projects off the ground and help this outstanding new technology to thrive in the British marketplace. The global market for these technologies is for the taking, and we have the innovation and engineering expertise to be world leaders, just as we are becoming world leaders in EV battery technology.

I reassure my noble friend Lord Young that we have provided £30 million-worth of funding to support vehicle-to-everything projects, and we will provide a further £11.4 million of innovation funding. The noble Lord, Lord Birt, and my noble friend Lord Leicester raised an important point about electric vehicles—EVs. We recently announced our electric vehicle strategy, which sets out our vision and action plan for the rollout of effective vehicle charging infrastructure in the UK; I actually agree that there is much that we can do to improve that. Of course, electric vehicles will not take off unless the appropriate charging infrastructure is in place.

The noble Baronesses, Lady Whitaker and Lady Hayman, and my noble friend Lord Liverpool all spoke about the important subject of tidal power, and they are right in some respects. Along with copious wind, the UK is also blessed with strong tides. The Government's position is that tidal power could well contribute to our energy mix, as we transition towards a carbon-neutral power sector. Indeed, the energy security strategy commits to aggressively exploring the potential of tidal power to contribute to our net-zero ambitions.

Of course, building these projects requires finance, which is why the Government are introducing the UK Infrastructure Bank. This also answers the question of the noble Baroness, Lady Kramer—

Baroness Whitaker (Lab): I apologise, but my questions were about wave power as well as tide power. It would be very helpful if the noble Lord could tell us what the Government are doing to further wave power.

Lord Callanan (Con): We are funding a number of innovative projects—from memory, I think that there was one in the Scottish islands—helping to explore the potential for wave as well as tidal power. I would be happy to write to the noble Baroness with more details on that.

I turn to the question of the noble Baroness, Lady Kramer, on the financial capacity of the infrastructure bank compared to the European Investment Bank, which used to invest around £5 billion a year in the UK. However, the EIB has a broader focus than the UK Infrastructure Bank, which is not a direct replacement for it.

The noble Viscount, Lord Chandos, asked why the Government chose to privatise the green finance bank. The bank had a targeted mandate to mobilise private finance, and, when it did so, it was sold. However, as I said, the UK Infrastructure Bank has a broader mandate, spanning both investment in green technologies and infrastructure projects needed to tackle climate change and support economic growth across the UK.

The noble Lord, Lord Redesdale—I do not see him in his place—asked me about carbon reporting. The UK's economy-wide sustainability disclosure requirements

regime will require businesses and investment products to report on their impact on the climate and the environment. Legislation introducing these changes will be brought forward when parliamentary time allows. I apologise; I can see the noble Lord now.

Moving on to the environment, we know that we live on one interconnected planet and that it is our duty to guard it for the next generation. I welcome my noble friend Lord Harlech's contribution to the debate on rural issues. His father was a champion of the countryside, and I am glad that he continues to speak passionately about rural issues. I am sure that he, my noble friend Lord Smith and the noble Baroness, Lady Donaghy, have already acquainted themselves with the Levelling-up and Regeneration Bill introduced to the other place last week, and I encourage their contributions when that Bill makes its way to this House.

We also want to ensure that there is enough food for everyone, even as the climate changes. That is why we are positioning the country to become a world leader in precision breeding technologies such as genetic editing. I welcome the recognition from the noble Baroness, Lady Hayman, that this can be of huge benefit to the country.

Alongside this, leaving the EU has enabled us to improve our animal welfare standards. The Animal Welfare (Kept Animals) Bill delivers on three government manifesto commitments on animal welfare and is a high priority for the Government.

I reassure my noble friend Lady McIntosh that the Government are committed to securing free trade agreements that are tailored to British firms and the economy, and, of course, are not compromising our environmental, food and animal welfare standards. We are also working hand-in-hand with farmers on our plans for a renewed agricultural sector, which will transform the way we support farmers in the UK.

In conclusion, I thank all noble Lords for some excellent contributions. I apologise that, with almost 60 speakers, I was not able to address all the points made in the time I have available; in fact, I am already over my allotted time. However, we covered from financial services to farming, economic crime and energy security. The Queen's Speech we have debated this evening will help to strengthen our country after a turbulent few years.

Lord Fox (LD): I appreciate the Minister giving way and the time constraints. I asked some specific questions on ARIA. I am sure the Minister has the answers in his head, but if he could write to me with them, I would be very appreciative.

Lord Callanan (Con): I will be happy to write to the noble Lord, as always. I seem to write lots of letters to the noble Lord at the moment, but I will be happy to write another one.

We will continue to stand by workers and businesses while boosting economic growth the length and breadth of the UK. As always, I look forward to working closely—as do all Ministers—with every Member of this House as these Bills come to fruition and pass through the legislative process.

Amendment to the Motion

*Tabled by **Baroness Bennett of Manor Castle***

At the end of the Address insert:

“but regret the failure of Her Majesty’s Government to deliver the urgent transformative action required in response to the climate and nature emergencies if the United Kingdom is to do its fair share to limit global temperature rise to 1.5 degrees Celsius; further note with regret that one million species face extinction and that access to nature is profoundly unequal; and therefore call on Her Majesty’s Government (1) to bring forward a climate and ecology bill to provide an evidence-based statutory framework to meet

international climate and nature responsibilities, (2) to enact a Green New Deal to restructure and decarbonise the economy, (3) to abolish the Maximising Economic Recovery duty, and (4) to extend the Countryside and Rights of Way Act 2000 to include rivers, woods, grassland and Green Belt”.

Baroness Bennett of Manor Castle (GP): My Lords, I thank the many noble Lords from all sides of your Lordships’ House who have raised the issues covered in my amendment. Given the hour, I will not move it tonight.

Debate adjourned until tomorrow.

House adjourned at 9.13 pm.

