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PARLIAMENTARY DEBATES
(HANSARD)

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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
UUP	Ulster Unionist Party

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House of Lords

Thursday 3 November 2022

11 am

Prayers—read by the Lord Bishop of Leeds.

Oaths and Affirmations

11.06 am

The Marquess of Lothian took the oath, and signed an undertaking to abide by the Code of Conduct.

Climate Change: Behaviour Change Question

11.07 am

Asked by Lord Browne of Ladyton

To ask His Majesty's Government, further to the advice that they have received from the Climate Change Committee that 62 per cent of emissions reductions involve some form of human behaviour change, what plans they have to introduce a comprehensive behaviour change strategy.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, the Government recognise that our net-zero target will require people to make changes in how we do things, such as the way that we travel or heat our homes. We want to empower people to make greener choices while maintaining freedom of choice and fairness. As one example of government action, I point out that this summer we launched the "Find Ways to Save Energy in Your Home" page on GOV.UK, which provides homeowners with tailored advice.

Lord Browne of Ladyton (Lab): I thank the Minister for that Answer. He will remember that on 20 October, in the debate on net zero and behaviour change, he said more than once that the heat and buildings strategy is an example of how the Government are providing advice and support to the public to help them to make green choices. The Climate Change Committee's assessment of the strategy noted that significant challenges remain, particularly about the skills needed to deliver it. Its June 2022 progress report said that the promised action plan for net-zero skills has not yet been published, even though the EAC said a year ago that

"the workforce of the future is being undermined by a lack of evidence-based Government policies on how jobs will be filled in green sectors",

while the Scottish Government published their skills plan in December 2020. When will the net-zero skills plan be published?

Lord Callanan (Con): The noble Lord makes a good point: providing the skills necessary for all the future green jobs is extremely important, and we are taking action on that. We have launched a number of different training competitions and, through BEIS alone, provided about £20 million for two sets of training competitions that have provided tens of thousands of new training

places. The DfE has a large skills programme as well, and we work closely with it to ensure that we provide the workforce with the skills that they require.

Lord Deben (Con): I declare an interest as chairman of the Climate Change Committee. Why do the Government find it so difficult to help people to eat not 20% less meat but better meat, particularly when that meat is British and produced on pasture with the lowest carbon footprint in the world? Why can they not provide better information for ordinary people to decide how they can insulate their houses? Frankly, it is difficult enough if you are chairman of the Climate Change Committee to find out how to put a heat pump in your house, which I have done. That took me a long time because it is complicated, and there is no indication from the Government as to how best to make those decisions.

Lord Callanan (Con): I think my noble friend is wrong. If he looked at the pages on GOV.UK, he would find tailored advice for his property linked to its EPC, if one exists. Perhaps he needs to spruce up his computer usage.

Lord Anderson of Swansea (Lab): My Lords, one of the effects of climate change will be a moderation in the pace of the population increase of the world, which leads to desertification, deforestation and increased migration. How can we encourage that?

Lord Callanan (Con): The effects of climate change are of course different in different parts of the world. We need to work with developing countries, which we are doing through our extensive programme of international climate change work, to help them to both mitigate and adapt to the effects of climate change.

Baroness Parminter (LD): My Lords, the Government's own net-zero strategy is underpinned by six principles, one of which is to motivate and build public acceptance for major change. While the Minister cites the energy-saving website, I challenge him to produce any other examples from this Government of trying to give consumers the advice that they need about heating their homes, as the noble Lord, Lord Deben, said, and about the food they eat and buy and how they travel. During the pandemic, which was a successful example of behaviour change, we saw the importance of sustained, clear communication with the public. Will the Government introduce a public engagement strategy, as the noble Lord has so rightly articulated?

Lord Callanan (Con): If the noble Baroness wants another example, the Help for Households campaign provides tailored advice on the three cheapest and quickest ways to save energy in your home, No. 1 being to turn the boiler flow temperature down. We are very clear that we are not going to get into telling people what to eat and how to live their lives. We want to provide them with the options to make greener choices.

Lord Lilley (Con): My Lords, may I reassure my noble friend the Minister that the Climate Change Committee does not say that 62% of emissions savings needed for net zero must come from changing behaviour?

[LORD LILLEY]

That would require Stone Age lifestyles. The 62% figure includes savings from carbon capture and storage, and other technologies. In fact, my noble friend Lord Deben's excellent committee sensibly says that 90% of carbon savings will come from new technologies and just 10% from modest lifestyle changes. Shamefully, the Environment and Climate Change Committee voted to omit that 10% figure from its report, because it would not get a good headline or satisfy the puritans and others who want to make us all adopt frugal lifestyles. Does the Minister agree that being economical with the truth undermines support for sound environmental policies and discredits the committees of your Lordships' House?

Lord Callanan (Con): My noble friend makes some interesting points and I will certainly have a look at the claims that he makes. I am sure he would not want to mislead the House about the statistics produced, but he makes an important point about the role that technology will play. We have some fantastic and innovative developing businesses in this country providing many of the solutions that we need to overcome these difficult challenges.

Baroness Taylor of Bolton (Lab): Will the Minister answer the question that my noble friend put originally? When will the net-zero skills plan actually be published?

Lord Callanan (Con): I cannot give the noble Baroness a precise date but we do a lot of work on skills. I outlined some of the skills strategies that we have adopted to the noble Lord but it is also, of course, not just about what the Government are doing. There is some great work being done in the private sector as well. I have attended a number of workshops and training academies run by, for instance, various heat-pump manufacturers to upskill plumbers and others in the new technologies of installing low-carbon heat sources.

Lord Cormack (Con): My Lords, while I understand that my noble friend does not want to tell people what to eat, could the Government not encourage people, particularly at this time of year, to eat more game, which is nutritious, low in cholesterol and delicious?

Lord Callanan (Con): The noble Lord has made the point and I am sure the watching millions will be fascinated to know of his support for the game industry.

Baroness Blake of Leeds (Lab): The importance of behaviour change to deliver reductions in climate emissions is significant and acknowledged. To achieve the necessary change in behaviour, we know that alternatives need to be in place: for example, to achieve a modal shift in travel by increasing the use of public transport. Against the backdrop of chaos and a major loss of confidence caused by frequent cancellations and delays to rail services, especially across the north, can the Minister update us on progress towards setting up the new Great British Railways body intended to improve performance and thereby contribute to reduced emissions from the transport sector?

Lord Callanan (Con): I will certainly ask my DfT colleagues to update the noble Baroness on where we are with the new Great British Railways body, but

much of the chaos and cancellations we have seen in train services have been caused by the trade unions, which she is close to.

Baroness Hayman (CB): My Lords, I declare my interests as set out in the register. The Minister spoke about energy efficiency in homes and buildings but does he accept that saving energy in them saves money for consumers and the taxpayer, and that it saves emissions for the planet? Bearing that in mind, is it not time that we had a comprehensive energy-efficiency strategy, including skills training and long-term investment, so that the market can be developed and, in the light of that, does he agree that it would be wrong for the Government to reverse the amendment passed by this House on this issue to the Social Housing (Regulation) Bill?

Lord Callanan (Con): I certainly agree with the first part of the noble Baroness's question. Energy efficiency plays a vital role, which is why we have a comprehensive energy-efficiency strategy. She will be getting bored with me repeating the statistics, but we are spending something like £12 billion over this Parliament on a whole range of retrofitting strategies, with energy-efficiency policies across all the different domestic and non-domestic sectors.

Lord Kirkhope of Harrogate (Con): My Lords, does my noble friend agree that considerable amounts of hot air seem to emanate from these premises, particularly along at the other place? Is it not interesting that the press coverage of these premises has been quite strident in saying that we are wasting energy and that an enormous amount of heat appears to be seeping out of these buildings? Does he have any view as to what we should be doing to improve things here?

Lord Callanan (Con): I am not sure, from attending some of these sessions, that the other place has a total monopoly on hot air production. My noble friend will forgive me for not wanting to get into an area which is not my expertise. I know that the restoration and renewal programme is proceeding; I have not looked at it in detail but, clearly, the way that this building operates through antiquated heating systems is extremely inefficient. One quite interesting point is that a new heat network is being developed in the Nine Elms development, which has considerable opportunities for expansion. There are already tunnels underneath the Thames which can take district heating pipework, and it would be a great example for Whitehall and Parliament to connect to a new and efficient heat network.

Employers: Fire and Rehire *Question*

11.18 am

Asked by Lord Woodley

To ask His Majesty's Government what assessment they have made of the frequency of the use of 'fire and rehire' practices by employers as (1) a negotiating tactic, (2) a cost-cutting measure to increase profits, and (3) a cost-cutting measure to prevent insolvency.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, the Government have been clear that threats of dismissal and re-engagement should not be used as a negotiation tactic. We have asked the Advisory, Conciliation and Arbitration Service to conduct an evidence-gathering exercise to learn more about the use of dismissal and re-engagement practices, and its report is available on its website. The Government are now going further; we will bring forward a statutory code of practice and publish a draft for consultation in due course.

Lord Woodley (Lab): I thank the noble Lord for his update. Members across this House share my belief that fire and rehire is immoral, but this obnoxious behaviour is still happening today. We know that and the Minister knows that. It is disappointing that, in spite of the kind words and efforts that have just been spoken about, the Government are not doing enough to eradicate this practice even though opinion polls show that 70% of Tory voters believe that this should be banned. Can the Minister therefore confirm that the new Government will be supporting my Private Member's Bill? I emphasise that it protects companies which are at risk of going under and at the same time protects workers from the exploitation of opportunistic employers?

Lord Callanan (Con): I am sure the noble Lord will not be surprised to know that we will not be supporting his Private Member's Bill. Let me say that dismissal and re-engagement should only be considered as an absolute last resort if changes to employment contracts are critical and voluntary agreement is not possible. We do not want to encourage the practice but do not think that banning it would be right because, in some limited circumstances, it is the only way to save businesses and protect the jobs within them.

Lord Addington (LD): My Lords, will the Minister give us an assurance that any firm using this practice inappropriately will lose any government contracts? That would be a very clear indicator that the Government disapprove.

Lord Callanan (Con): We do disapprove of these practices, which is why, as I said to the noble Lord, Lord Woodley, we are producing a statutory code and will consult on it shortly.

Lord Young of Cookham (Con): My Lords, is it not the case that the Government themselves have been guilty of firing and rehiring Ministers?

Lord Callanan (Con): In his excellent way, the noble Lord makes a good point. I am sure it will give all of us, including the Prime Minister, cause for reflection.

Lord Anderson of Swansea (Lab): In the proposed code of practice, what sanctions do the Government propose?

Lord Callanan (Con): The noble Lord will have to await the details in the code of practice. One option will be to allow employment tribunals to take into account if the statutory code has not been followed and award uplifts in compensation as a result.

Lord Fox (LD): My Lords, many across this House joined together to condemn P&O Ferries for its appalling behaviour towards its employees. Does the Minister agree that, in the long run, it seems to have got away with it and that this indicates the weakness of employment law?

Lord Callanan (Con): As the noble Lord will be aware, the Government are bringing forward legislation to stop those kinds of practices and extend minimum wage provisions to seafarers. The DfT is progressing that.

Lord Henty (Lab): My Lords, when will the long-promised employment Bill be presented to the House? On previous occasions the Minister has said "when parliamentary time allows". We notice that parliamentary time has allowed legislation to further restrict the right to strike and proposals to create a bonfire of workers' rights derived from EU directives. Could the Minister not find a little bit of time for the employment Bill promised in 2019?

Lord Callanan (Con): The noble Lord has answered his own question. The position remains that we will bring forward an employment rights Bill when parliamentary time allows. I point out that the Government are supporting numerous Private Member's Bills which have been introduced, particularly in the other place, such as the Neonatal Care (Leave and Pay) Bill, Employment (Allocation of Tips) Bill, Protection from Redundancy (Pregnancy and Family Leave) Bill and the Carer's Leave Bill. Many of these provisions are being taken forward.

Lord McNicol of West Kilbride (Lab): My Lords, everyone deserves to be treated with dignity and respect at work, even government Ministers. Being rehired on worse terms and conditions is just plain wrong. It has been over seven months since the Government announced the new statutory code on fire and rehire, which I think the TUC called baby steps that would not deal with rogue employers. Can I push the Minister a little more? He said, "in due course", but can he give any more detail on the timescale for the start of the consultation? Regarding the last question from the noble Lord, Lord Fox, I do not think P&O carried out fire and rehire, but just fired staff.

Lord Callanan (Con): I answered the question from the noble Lord, Lord Fox. I cannot be absolutely precise on a timescale with the noble Lord; he will understand that. But we want to bring it forward in the near future.

The Lord Bishop of London: My Lords, having access to secure work is key to health, not just of individuals but the community. It means sufficient wages and reliable hours. London has the highest share of care workers paid below the real living wage of any English region. What are the Government doing to encourage care providers to be living wage employers to ensure that the workers who look after us have access to secure work?

Lord Callanan (Con): The right reverend Prelate is correct. The best workers' right is the right to a secure, well-paid job, which is why I am delighted that we

[LORD CALLANAN]

have delivered record low levels of unemployment in this country and that the labour market is performing well. We also have one of the highest minimum wages in the developed world which this Government have increased significantly.

Baroness Donaghy (Lab): My Lords, I am looking forward to hearing from both the noble Baroness, Lady Penn, and the noble Lord, Lord Parkinson of Whitley Bay, later in Question Time. I had nicknamed them the “Fire and rehire two”, but it is very good to see them back on the Front Bench. My question is about the use of employment tribunals and the reference the noble Lord made earlier. He will know the unsatisfactory situation and the length of time it takes for people to take cases to tribunals. Many cannot afford to because they are still scratching around for a new job. Is the Minister satisfied that our employment tribunal system is adequate for today’s needs?

Lord Callanan (Con): The noble Baroness has queued up my noble friend Lord Parkinson for his return; we are all looking forward to his contribution. There are difficulties in the employment tribunal system—many of which are a result of the pandemic—as there are across the whole of the judicial system. Colleagues in the Ministry of Justice and others are working hard to resolve those problems.

Lord Alton of Liverpool (CB): My Lords, can the Minister give further thought to and reflect on the suggestion made to him about the importance of looking at products produced by companies that fire and rehire? Would it be possible to amend the Procurement Bill—the noble Baroness, Lady Neville-Rolfe, is sitting alongside him and now has responsibility for overseeing that legislation—to prevent companies using these practices from selling their products into the Government’s supply chains?

Lord Callanan (Con): I am sure my noble friend Lady Neville-Rolfe has heard what the noble Lord said. I am not going to give any commitments on her behalf. It is important to point out that only a very tiny minority of employers resort to these practices. The vast majority of employers look after their employees well and responsibly. As I said, we do not encourage these practices.

Baroness Chakrabarti (Lab): My Lords, I am grateful to the Minister for his answers so far, but can I probe him just a little further on his suggestion that there are certain circumstances in which fire and rehire would be appropriate or necessary? It is well-established in employment law that a company facing challenges can make lawful redundancies, so why on earth should they be able to get into practices of firing and rehiring? Is he really seeking to establish high levels of insecure and zero-hours employment?

Lord Callanan (Con): No, of course I am not. That is why we have one of the best employment law frameworks in the world. We have one of the lowest levels of unemployment. We have one of the highest minimum wages in the developed world and an excellent

record on employment law. The point I am making is that in some very limited circumstances—which is not to be encouraged—if the alternative is the company closing and everybody losing their jobs, then it might be appropriate for a company to engage in this kind of restructuring because 90% of a wage is better than no wage.

UK Green Taxonomy

Question

11.28 am

Asked by **Baroness Parminter**

To ask His Majesty’s Government, further to their commitment in *Greening finance: A roadmap to sustainable investing*, published on 1 October 2021, to consult on the “UK Green Taxonomy” in the first quarter of 2022, what plans they have to publish the draft taxonomy.

The Parliamentary Secretary, HM Treasury (Baroness Penn) (Con): The UK green taxonomy is an important part of the Government’s ambitious programme of work on sustainable finance. However, it is critical that we learn from approaches being developed in other jurisdictions and take the time to get this right. The Government will continue to engage with scientific experts and market participants this year on how best to take forward work in this area.

Baroness Parminter (LD): I thank the Minister for her reply. As she will know, many firms really support the transition to net zero, but this will not be achieved without clear direction from government. The Government’s independent green taxonomy advisory group told them last month that they had to send a “rapid market signal”, or we risked falling further behind Europe, which launched its taxonomy in 2020. So when will the Government publish their consultation on the green taxonomy? Will we get it by Christmas, or will the market just have to accept that we will fall further behind in the world and never become the financial leader on green issues that we should be?

Baroness Penn (Con): My Lords, I agree with the noble Baroness on the importance of progressing this work at pace but it is also important that we get it right. For the green taxonomy to have real value for the market, we need to make sure that it is user-friendly and operable, and that is what we are focused on. We continue to progress our work in this area and remain committed to producing the green taxonomy.

Baroness McIntosh of Pickering (Con): My Lords, I welcome my noble friend back to her place on the Front Bench. Could she outline the work in this area to reduce greenwashing, and could she highlight the work on carbon offsetting? Does she share my concern that, although it is right and helpful, in environmental terms, to plant trees, they must be planted in appropriate areas, so as not to cause more flooding rather than reducing it?

Baroness Penn (Con): The Government are taking a number of steps. The FCA, for example, has consulted on a sustainable investment-labelling scheme so that, when consumers and investors are told that they are

investing sustainably, they have better information to show that that is based on an objective assessment of those investments.

Baroness Hayman (CB): My Lords, a year ago, the Prime Minister, then the Chancellor, made the commitment at COP 26 that the UK will be “the world’s first net zero aligned financial centre”.

Does the Minister—whom I welcome back to the Front Bench—agree that, to achieve that, we need a robust and respected taxonomy for green investment? Does she also agree that this is an increasingly competitive area, with other countries having exactly the same objective? Does she accept the need for urgency in this area?

Baroness Penn (Con): I agree that the green taxonomy is an essential part of being a leader in green finance. The UK has led the way: we were the first country to lay regulations to make reporting mandatory under the TCFD framework and firms listed on the London Stock Exchange have the highest sustainability disclosure rate of any global financial centre. But, if we want to continue that leadership, we need to continue to make progress. We have laid out a number of future steps under our road map. I accept that some have been delayed, and it is for us to continue to work to make better progress, to ensure that we continue to lead in this area.

Baroness Kramer (LD): Last night in this House, the Lord Mayor of London underscored that retaining our leadership position on green finance is essential to retaining a leading role in financial services far more broadly. Understanding the pressures generated by that, could the Minister please tell us when we will get the green finance strategy? Given all the government changes, could she publicly recommit to the earlier commitments to become the first net zero-aligned financial centre, as described by the noble Baroness, Lady Hayman?

Baroness Penn (Con): My Lords, that commitment has not changed. On the importance of retaining our leadership position on green finance for London as a financial centre, I completely agree with the noble Baroness: that is why we have been so ambitious in this area. We have taken a number of steps to ensure that we lead the way, and we work with our international partners to bring them along with us. When we chaired the G7 last year, we got commitments on sustainability disclosure requirements, for example, from all the G7 Finance Ministers. So we are not just leading the way; we are also trying to bring other countries with us.

Lord Tunnicliffe (Lab): My Lords, for the avoidance of doubt, I have already welcomed the noble Baroness back to the Front Bench. The concept of a green taxonomy is of value to investors assessing how green a company is—that is almost self-evident. It is also of value to companies because it protects them from litigation accusing them of greenwashing. A number of actions are occurring around the world in which companies are being sued for overpromising on greenwashing. To be really valuable, however, the taxonomy needs to be international. What progress is being made on gaining international consensus?

Baroness Penn (Con): The noble Lord is absolutely right that, to be most useful, having international agreement on a taxonomy is essential. The Government have supported the development of international standards in this area: for example, we have worked with the International Sustainability Standards Board to ensure that there is international alignment on the work in these areas.

Baroness Altmann (Con): My Lords, I also welcome my noble friend back to the Front Bench. I echo the calls for us to urgently release the information on the green taxonomy. Could my noble friend please confirm that the Government remain committed to a green taxonomy that is science-led? Could she also confirm the position regarding natural gas as a transition fuel, given concerns about the security of the energy supply in the short term?

Baroness Penn (Con): I assure my noble friend that we will be led by science in this area. Earlier in this Question, noble Lords referred to the work of the Green Technical Advisory Group, which was set up to advise the Government on the UK green taxonomy and is informing our work in this area. There is a question about the inclusion of both gas and nuclear in the green taxonomy. The Government have not made any decisions on their inclusion, but they will engage with experts and the market before making any final decision in this area.

Lord Kamall (Con): I also welcome my noble friend back to the Front Bench, even though the Prime Minister has fired me but not rehired me—

Noble Lords: Oh!

Lord Kamall (Con): I apologise; I was not after the violins. When I dealt with developing the green taxonomy in the European Parliament, we did not look only at companies that can certify themselves as green and ensure investors; we also looked at how to incentivise companies that are not yet green to become greener. How will the Government tackle that in developing their green taxonomy?

Baroness Penn (Con): I take this opportunity to pay tribute to my noble friend’s work. I saw at first hand the energy and commitment that he brought to his roles. He is absolutely right that information is the first step on this path, and it then needs to be used to ensure that firms working in all sectors make plans for transition and action to ensure that their activities are aligned with net zero by 2050. Our green finance road map sets out the path that the Government think firms can take towards that aim.

Football Governance Question

11.37 am

Asked by *Lord Bassam of Brighton*

To ask His Majesty’s Government when they expect to bring forward legislation to implement the recommendations of the *Fan-Led Review of*

[LORD BASSAM OF BRIGHTON]

Football Governance, published on 24 November 2021; and in particular, the proposal for an independent regulator.

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con): My Lords, the Government published their response to the recommendations made by the independent fan-led review of football governance in April 2022. The Government recognise the need for football to be reformed to ensure the game's long-term sustainability. We continue to consider the policy and consult interested parties, but the Government remain committed to publishing a White Paper setting out our detailed response to the fan-led review.

Lord Bassam of Brighton (Lab): My Lords, I warmly welcome the noble Lord back to his place on the Front Bench and commiserate with the noble Lord, Lord Kamall, his predecessor, but this is part of the problem. The Conservative Party made a strong manifesto commitment, as did our party, to hold a fan-led review of football's governance. I appreciate that we have had a year of on-off, merry-go-round government, but a year has passed since the review was published and nearly six months since the Queen's Speech announced a White Paper. When can we expect some legislative protection for our football clubs? When can we start to see the interests of the fans who give their support week in, week out to football clubs properly represented? This has been going on for far too long, and I think we are all beginning to run out of patience.

Lord Parkinson of Whitley Bay (Con): I join the noble Lord in paying tribute to my noble friend Lord Kamall, with whom I swapped places on the substitutes' bench; I hope that his stay there will be as brief as mine. However, for all the changes in ministerial positions, the work to continue examining the recommendations made by Tracey Crouch, in commitment to and fulfilment of our manifesto pledge, as the noble Lord said, has continued at official level. The Secretary of State and my right honourable friend the Sports Minister, who have stayed in place, have been engaging with organisations. The Sports Minister made sure that his first meeting was with the Football Supporters' Association. They are taking the time to continue that engagement and to look at the policy, and they will bring forward a White Paper with the answers to these complex issues soon.

Lord Addington (LD): My Lords, will the Minister assure us that the Government are still in absolute agreement that there needs to be change and that it will happen soon? If that is so, can they assure us that we will not be talking about this in another year's time, because there needs to be action now? Those assurances are required, and other sports have similar problems. I put my hand up as a rugby union player.

Lord Parkinson of Whitley Bay (Con): Yes, we still agree that football needs to be reformed to secure its long-term sustainability. Some of the action can be taken now; it does not require legislation or government action. The clubs can do it—for instance, on the

financial flows throughout the football pyramid. We continue to encourage clubs to do that, and we are discussing the challenges facing rugby football clubs as well.

Lord Faulkner of Worcester (Lab): My Lords, on 25 April, the noble Lord, Lord Parkinson, answered a Question from the noble Lord, Lord Ravensdale, about the fan-led review. His first words were:

“My Lords, the Government have endorsed the principle that football requires a strong independent regulator to secure the future of our national game.”—[*Official Report*, 25/4/22; col. 4.]

He has not referred to a regulator in his answers so far today. Can he confirm that it remains the Government's policy? In an interview with the *Sun* newspaper on 19 July, his right honourable friend the Prime Minister was reported as having made the following promise:

“In a bid to pitch himself as a footie-mad man of the people, Tory frontrunner Mr Sunak promised to hand fans power over dodgy owners in a radical shake-up. The diehard Southampton fan said he would implement all ten of the recommendations from former sports minister Tracey Crouch's fan-led football review in time for the World Cup.”

I do not think he can do it in time for the World Cup, but can the Minister say whether it will be before the end of the Parliament?

Lord Parkinson of Whitley Bay (Con): My Lords, much has changed even since the Prime Minister made those commitments. My right honourable friends the Secretary of State and the Sports Minister are taking the time to consider the recommendations of Tracey Crouch's review. We remain grateful to her and the thousands of fans who took part in it and informed it. The noble Lord should not read any more into that than that they are taking the time to look at this complex area of policy and to discuss it with the FA, the EFL and supporters' organisations among others. We will bring forward our response in the White Paper.

Lord Woodley (Lab): My Lords, I declare an interest in so far as I am the president of a football club with 47 children's teams, and as a struggling Evertonian. I spoke in April about the need for fans to have real input and real say in the day-to-day running of their clubs in their communities. Nothing has changed since then apart from the fact that, particularly in the Premier League, more owners than ever are foreign investors, particularly from the USA, or even people from the Middle East who murder innocent journalists. Can the Minister explain why these takeovers are being allowed to happen in our national game, without the fans being given any real say or influence?

Lord Parkinson of Whitley Bay (Con): We want to give fans a strong voice in the governance of the national game. That is why we had the fan-led review, and we are grateful to everyone who took part in it. The response in April stated that

“new owners' and directors' tests will help to ensure the future sustainability of our ... clubs”,

which play such an important role in their communities, and that ensuring that football has suitable owners and directors is crucial to securing the long-term future of the game.

Baroness Taylor of Bolton (Lab): The Minister has given some rather vague assurances today, which cause some concern as to whether the Government will row back on what has previously been said about the regulator in particular. Can he be firmer about the commitment the Government will make? These problems have been around for a long time. He has said that we “will” get a White Paper and that they “will” consider the problems. When will we get a White Paper?

Lord Parkinson of Whitley Bay (Con): The White Paper will set out the detail that I am unable to give at the Dispatch Box today. My right honourable friends the Secretary of State and the Sports Minister have engaged directly with football organisations and football supporters to discuss the complex issues and to take forward the recommendations made by Tracey Crouch and the fan-led review. The White Paper will be coming soon, but I am afraid that I cannot give the noble Baroness a date today.

Lord Kamall (Con): I thank my noble friend for the kind message regarding my being put on the subs’ bench. I want to ask about the thinking in the department. Can we still set the same objectives in a fan-led review, but without a regulator, and are there alternatives that may be considered just as effective?

Lord Parkinson of Whitley Bay (Con): Officials and Ministers in the department are discussing the recommendations of the fan-led review with all the interested parties, taking into account all those views, and the White Paper will provide the answers which my noble friend and others seek.

Lord Fox (LD): My Lords, words such as “discussing” and “reviewing” indicate that the department seems to be kicking this ball into touch. Does the Minister recognise that, with every month and every year that passes, clubs that have been part of communities are being lost, and that more delay will mean that more clubs are lost?

Lord Parkinson of Whitley Bay (Con): As I said to the noble Lord’s noble friend earlier, football itself can take forward some of the recommendations in the fan-led review which we endorsed in April, such as financial redistribution throughout the leagues. We urge them strongly to do that, and my right honourable friends have done so directly.

Lord Polak (Con): My Lords, we need to be a little careful that we do not throw the baby out with the bath water. The Premier League is the envy of the world; it attracts the world’s best players. As a Liverpool fan, I could not let this debate go by, being led just by an Evertonian. I urge us to be very careful to ensure that the Premier League stays the premier league.

Lord Parkinson of Whitley Bay (Con): My noble friend raises some of the complex issues with which my right honourable friends are grappling in their discussions with everybody interested in this matter, including supporters’ groups and the fans themselves, and they will bring forward our answers in the White Paper.

Lord Grocott (Lab): My Lords, we have had two attempts on this side, first from my noble friend Lord Faulkner and then from my noble friend Lady Taylor, to get an answer to a specific question, which is whether the Government stand by their commitment earlier this year and endorse the principle that football requires a strong, independent regulator. If I ask the Minister a third time, might it be third time lucky?

Lord Parkinson of Whitley Bay (Con): I may disappoint the noble Lord by repeating that we are looking at that and all the recommendations that Tracey Crouch and the fan-led review made. He should not read anything more into it than that we are taking the time to give those complex recommendations the thought and attention they deserve, and the White Paper will provide the answers to his question.

Financial Markets: Stability

Motion to Take Note

11.49 am

Moved by Lord Sharkey

That this House takes note of the importance of stability in the financial markets and its impact on pensions, mortgages and the rental markets.

Lord Sharkey (LD): My Lords, I start, as is now traditional, by welcoming the return of the Minister, and by thanking the Library for the outstanding note it has produced for this debate.

The Motion before us seems simple: financial stability sounds like a common-sense kind of thing and obviously desirable. However, the reality is significantly more complex. There are at least two readings of the phrase “financial stability”. The first reading, in this context, is defined by the Bank of England, which has a statutory objective to protect and enhance the stability of the financial system in the United Kingdom. The definition is that

“financial stability is the consistent supply of the vital services that the real economy demands from the financial system (which comprises financial institutions, markets and market infrastructure).”

The FPC has qualified that definition by saying:

“Financial stability is not the same as market stability or the avoidance of any disruption to ... financial services.”

This qualification was quite properly abandoned in dealing with the events of September and October.

The second reading of the words is the usual and common-sense one: things should not change violently, radically or without warning—and that definitely includes inflation. The mini-Budget of 23 September was probably the most incompetent, damaging and destabilising ever produced. It is still hard to believe that a Chancellor would put forward such a list of spending measures without any indication of how they were to be funded. It is astonishing that the Chancellor explicitly refused the offer of an input from the OBR. It defies belief that the Chancellor and Prime Minister took no account of the likely bond market reaction.

It is not as though the bond market reaction was unknown or of no importance: Bill Clinton famously encountered it when preparing the programme for his

[LORD SHARKEY]

second term. His advisers told him that some of his policies would not be possible. Clinton said:

“You mean to tell me that the success of the program ... hinges on the Federal Reserve and a bunch of”—

expletive deleted—“bond traders?” One of his advisers, James Carville, said at the time:

“I used to think that if there was reincarnation, I wanted to come back as the president or the pope or as a .400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody.”

The bond markets certainly terrified our Government and probably most of the rest of us as well. Long-term gilt yields rose by 30 basis points on the day of the mini-Budget, and by another 50 in the next three days. On 26 September, the pound fell to \$1.03, its lowest ever level. On 27 September, there was an initial fall in gilt yields and then a rise of 67 basis points. On 28 September, the Bank intervened with a short-term commitment to QE of up to £65 billion. In all, the Bank bought £19 billion of bonds to stabilise a market that the Government had directly caused to crash. That was added to the Bank’s existing QE stock of £875 billion. Given the asset-inflating effect of QE and the deflationary pressure imposed by the inevitable higher interest rates, some commentators noted that the Bank appeared to be driving with one foot on the accelerator and the other foot on the brake.

Katie Martin noted in the *Financial Times* on 7 October:

“The intricacies of bond yields rarely trouble the general population, but homeowners quickly figured out what this meant for mortgage repayments, making it a searing political issue. Plus, it all jacks up the price tag for the government’s plans”.

The *Financial Times* returned to the issue over two weeks later, with Patrick Jenkins writing:

“To describe the ‘mini’ Budget of outgoing prime minister Liz Truss and outgoing chancellor Kwasi Kwarteng as ill thought-out is almost a compliment. If they underestimated how spooked the markets would be by £45bn of unfunded tax cuts, they clearly had no notion at all about the collateral damage it would cause—to mortgages, to government and corporate borrowing costs and most alarmingly to the £1.4tn defined benefit pension system, via the now infamous ‘LDI’ hedging structures buried within many schemes.”

So here we have rising mortgage costs, rising energy costs, rampant inflation, no increase in real wages over two decades and now a threat to the pension system. I think that it is entirely probable that neither Liz Truss nor Kwasi Kwarteng had heard of, or understood anything about, LDIs. I do wonder whether the Treasury had understood and had given sufficient warnings to the Prime Minister and the Chancellor. The Bank, the Pensions Regulator and the FCA certainly did know about LDIs: each of them has a partial regulatory role over some parts of the LDI sector, and each of these institutions has now written not very convincing letters of exculpation to parliamentary committees. We seem to have uncovered a remnant of the pre-crash regulatory regimes, where a plurality of regulators failed to deliver necessary oversight or control. It is surely time that the regulation of these LDI funds was made simpler, clearer and more rigorous, so that we can avoid further unpleasant surprises and outbreaks of finger-pointing. When the Minister replies, I would be grateful for her thoughts on the matter.

This all, emphatically, does matter. All this rather obscure and technical stuff has clear effects on the real economy: mortgage rates have been rising as the bank rate has risen—probably to 3% in a moment or two. In December, the average rate offered for a two-year fixed deal was 2.34%; by 3 October, it was 6.07%; by 18 October, it was 6.53%. Of course, this means a steep rise in mortgage repayments. The Resolution Foundation predicts that over 5 million families are set to see their annual mortgage payments rise by an average of £5,100 between now and the end of 2024. The chief economist of the Royal Institution of Chartered Surveyors took the view that mortgage arrears and repossessions would inevitably move upwards over the next year; of course, this influences the rental market.

In late October, Moody’s, having downgraded its assessment of the UK’s economic outlook from “stable” to “negative” because of instability and high inflation, also estimated that more than half of landlords looking for a new fixed-rate deal in 2023 or 2024 would be unable to remortgage without raising rents if mortgages were 4 percentage points higher. Given the fall in real wages, this might push rents up beyond what tenants could afford.

Rents were already rising anyway, driven by what Knight Frank described as

“an ever-deepening mismatch between supply and demand”.

Shelter has said:

“Private renters are disproportionately exposed to the cost of living crisis”

and

“the most likely tenure to already be in fuel poverty.”

When the Minister replies, I would be grateful if she could tell the House whether the Government are actively considering increasing the local housing benefit allowance rates—frozen since March 2020—to ensure that housing benefit keeps pace with inflation, as Shelter recommends.

The current economic situation and the ongoing cost of living crisis bear very heavily on households, exacerbated by uncertainty about the future. Is the triple lock on or off today? Will inflation really rise to 12%, as the Bank seems to think? Will benefits be uprated in real terms? What will happen to my energy costs? Is my pension safe? Will there be reasonable pay rises? What will happen to the NHS and our schools? The need for some assurance and stability in these uncertain times is absolutely clear.

The most comprehensive survey of household and individual finances is the FCA’s excellent Financial Lives Survey. The next survey is due to be published early next year, but the FCA has just released some of the findings from its 19,000 respondents—they make for very distressing reading. One in four adults in the UK was either in financial difficulty or would fall into trouble if they had a financial shock. Nearly 8 million people were finding it a heavy burden to keep up with their bills—an increase of 2.5 million people in the last two years—as wage growth fails to keep pace with inflation, which is now at a 40-year high.

Over 4 million people missed a bill or loan repayment in the six months to February and, unsurprisingly, these problems were worse in the most deprived areas of the United Kingdom. About 12% of people in the

north-east and 10% in the north-west are struggling financially, compared with 6% in the south-east and the south-west. Already, by the end of June, over 2 million households were behind with their electricity bills and just under 2 million behind with their gas bills. Citizens Advice reports a sharp rise in people being forced on to prepayment meters, which are more expensive. Can the Minister confirm that to address at least some of this, benefits will be uprated by inflation? Can she stop our energy companies moving customers to prepayment meters?

Of course, the real question is what should be done about the mess we are in. How can a measure of stability be restored to our financial lives, our real incomes and the institutions on which we depend? We may know more on 17 November; I do not expect the Minister will be able to say anything of any substance about what the Autumn Statement might contain, but some things are already clear. Last week, the Institute for Government, of which I was a governor for five years or so, and the Chartered Institute of Public Finance and Accountancy published their annual government performance tracker, and it is worth quoting at some length from the introduction. It states:

“Public services are in a fragile state. Some are in crisis. Patients are waiting half a day in A&E, weeks for GP appointments and a year or more for elective treatments. Few crimes result in charges, criminal courts are gummed up, and many prisoners are still stuck in their cells under more restrictive regimes without adequate access to training or education. Pupils have lost months of learning, with little prospect of catching up, social care providers are going out of business or handing back contracts, and neighbourhood amenities have been hollowed out.”

The report goes on to say:

“These problems have been exacerbated by the Covid crisis but are not new. After a decade of spending restraint, public services entered the pandemic with longer waiting times, reduced access, rising public dissatisfaction, missed targets and other signs of diminishing standards ... Governments since 2010 may have been seeking efficiency over resilience but achieved neither.”

All this is simply a preamble to the report’s conclusions that most services do not have sufficient funding to return to pre-pandemic levels of service and performance:

“There is no meaningful ‘fat’ to trim from public service budgets. If the government wishes to make cuts in the medium-term fiscal plan, it must accept that these are almost certain to have a further negative impact on public services performance.”

Perhaps the Minister when she replies can tell the House whether she agrees with the IfG and CIPFA in their conclusions and, if not, why not.

The economy needs stability of purpose, policy and direction. People and business need a stable and reasonably predictable environment in order to plan, save and invest. People need stability because many families have very low resilience to financial shocks or steep movements. The Government could make a start on all this. They could honour the triple lock. They could raise benefits in line with inflation. They could devote scarce resource to where it is most needed and most productive. They could be open and honest about the state of the economy and what that really means for us and for our children. I look forward to hearing the contributions from other noble Lords and to the Minister’s reply and I beg to move.

12.02 pm

Lord Young of Cookham (Con): My Lords, I very much welcome this timely debate, introduced by the noble Lord, Lord Sharkey. While the economy has been centre stage for the last two months, we have not debated it since the summer—apart from the 40-minute Statement on 19 October. I join others in welcoming my noble friend Lady Penn back to the Front Bench, this time as a fully-fledged member of the Treasury team.

I want to focus on the final element identified in the noble Lord’s Motion—the rental market and, in particular, the private rented sector. I suspect the noble Lord, Lord Best, will also do this. There is a vicious circle operating here. Rising interest rates with earnings lagging inflation are making home ownership less affordable. This adds to demand for private renting, pushing rents up. This is reinforced by cost pressures on landlords, as buy-to-let mortgage rates increase, with less advantageous tax arrangements and higher environmental standards. This in turn leads to landlords leaving the market, leading to a further imbalance between supply and demand and yet higher rents. Too many renters already pay more than 50% of their income in rent, making home ownership less attainable. The ONS notes:

“Given the excess of demand over supply, rental prices are expected to rise further.”

In September this year, Rightmove reported annual growth in rents of 12.3%.

One in five households now lives in private rented accommodation—a doubling in two decades—and nearly all are on six-month assured tenancies. The theme of the noble Lord’s debate is stability. I believe we need a fundamental review of the private rental market to put it on a more stable and sustainable basis. In a nutshell, we need to move from a market dominated by the small private landlord, buffeted by tax changes and interest rate movements, where tenants have limited security of tenure and where it is not their tenure of choice, to a market more like that of France, Germany or Switzerland. There, a higher proportion of the population see private renting as the “normal” tenure choice and financial institutions invest in the sector for the long term, ensuring that properties are professionally managed and in good condition and, crucially, have long leases to provide stability for the tenant.

This is not to say there is no role for the private landlord, but the sector as a whole needs to be put on a more stable long-term basis. There are signs that this transition is taking place here. Institutions such as Legal & General have started building thousands of flats for rent, targeted at students, professionals living in cities, and those who need mobility for their career. But we need to accelerate the transition and broaden its base. Build to rent is only 5% of the rented market. This would be a good investment for pension funds. Historically, they have invested in equities, gilts, commercial property and fixed interest loans, but they have had little direct exposure to the residential property market. This is perverse, as it has consistently outperformed equities.

To make the transition happen smoothly, we need to understand the motives of private landlords. They invested in buy to let for two main reasons: capital

[LORD YOUNG OF COOKHAM]
 appreciation and a buoyant income. In many cases, they preferred this over a pension. But the disadvantage is that their capital is illiquid and owning property brings with it management problems and the prospect of a tougher regulatory regime.

To facilitate this transition, what is needed is a quoted housing investment trust to whom landlords could sell their property not for cash but for shares in the trust. So the investor would retain his investment in residential bricks and mortar—the trust's only asset—with an income stream linked to rental values and capital values rising over the long term, but without the hassle of management and with easy access to capital. The property could be sold to the trust without giving notice to the tenant as it would be held as an investment.

The process could start with blocks and properties in a specified area, with management undertaken by registered social landlords such as housing associations, giving further reassurance to tenants. There would be a role for the Treasury to play in helping the transition to get off the ground. Normally, when a private landlord sells, capital gains tax is payable, and this could be a deterrent. However, under the scenario I have outlined, if capital gains tax was deferred until the shares were sold, that would act as an incentive.

I put this proposition forward to provide stability to a sector that is the least stable form of tenure in the housing market. I do not ask for immediate adoption today, but it would be good if the Minister could give it a nudge by encouraging the Department for Levelling Up, with its new Secretary of State, to explore further the potential of the idea I have just floated.

12.08 pm

Lord Kestenbaum (Lab): My Lords, I thank the noble Lord, Lord Sharkey, for securing this vital debate, the urgency of which is of course prompted by an experiment in fiscal policy as calamitous as it was unprecedented.

Recent weeks offer a cautionary tale of how such mayhem—stemming in part from political incompetence—spirals, demanding costly intervention and creating misery for so many. As we survey the wreckage, we are left with two salutary observations. First, the nervous breakdown in the system, such as we saw in recent months, matters to every single household in the UK. Let us remember, these rising markets of recent years have been fuelled in some measure by a striking injection of personal finance from the retail investor. Market analysis suggests that small individual shareholders' share of equity trading volumes in the largest stocks has climbed to 24%. Gone are the days when stock markets were the sole preserve of large institutional investors. So every time we hear phrases such as the markets are "correcting" or "repricing", they are just euphemisms for the utter misery felt by large numbers of households in the country.

Market instability, as in the title of this debate, is not an economic technicality affecting the privileged few. It profoundly touches many millions of citizens. It is not uncommon for as much as 35% of a stock to be owned by everyday, small investors, often representing

a meaningful percentage of their liquid assets. The Government would do well to be less zealous—certainly less frivolous—in toying with a system in which so many will be harmed if things go wrong.

These spillover effects are felt even more acutely in the housing market. Noble Lords will know the disastrous effect on mortgage rates—as the noble Lord, Lord Sharkey, suggested—following the mini-Budget and subsequent market meltdown. The numbers of those affected speak for themselves: 25 million homeowners in the UK have gained a home with the help of the mortgage sector, and let us remember that the UK has the highest total outstanding value of all residential mortgages in Europe. This is a country where homeowners are critically reliant on the stability of mortgage rates.

In those chaotic 12 days, we heard how the numbers spiralled. The catalyst for what played out in front of distraught mortgage holders is all too well known and worth repeating: the announcement of vast unfunded tax cuts, leading to ratings agencies taking fright, risk premia reacting accordingly and a spiralling yield on gilts that placed mortgages out of reach or, worse, unable to be serviced.

If my first observation is that the trauma in financial markets had a political catalyst, my second is that what lies beneath may be equally damaging. The entrenched view has been that, for the last 15 years, we have lived with a monetary experiment as a reaction to the disasters of 2008. Such an experiment comprised the dual anaesthetic of the unlimited printing of money together with near-enough zero interest rates—all designed, reasonably perhaps, to prop up markets.

However, the spillover effect on us all was, we must admit, that more risk was taken than was advisable: too much risk in our mortgages and too much illiquidity exposure in domestic expenditure, let alone what felt like unlimited government borrowing. A judicious appetite for risk was exceeded because the implicit message was twofold: we can always print more money and we can always keep interest rates low—so keep borrowing. In doing so, all involved forgot the golden rule that one day the music will stop and, when that day comes—and with it unaffordable mortgages and debt that cannot be serviced—the entire system is at risk.

Against this backdrop, we have had the calamity of recent weeks, which saw dramatic intervention by the Bank of England and the undignified spectacle of pension trade bodies rushing out statements to say that they believed UK pensions should be safe. It seems to me that the mere fact that such statements were required should be a cause for alarm. But this cannot be seen as a "Thank goodness that's over" moment, which leads me to my conclusion.

The case I make today is that the trauma of recent market instability is both episodic and systemic. My concluding comment, however, is about something equally significant, namely a reckoning. The last time we experienced market shock of such magnitude was in the crisis of 2008. Perhaps the most important question posed in that tumultuous time was asked by our late Queen, who, not the first time, spoke for the entire nation when asking a group of economists, "If

this crisis is so large and so far-reaching, how come you didn't see it coming?". We may well ask that again—and we do.

Some calm has been restored but the debris is everywhere, with unaffordable mortgages, new entrants to the housing market priced out and pensioners with hard-earned savings in funds that have lost meaningful, material value. Amid much talk of good judgment being restored, one cannot help feeling that the lasting consequence of this instability is that, ultimately, the British electorate will exercise their judgment and, when it comes, a reckoning will be made.

12.13 pm

Baroness Bowles of Berkhamsted (LD): My Lords, the mini-Budget caused sharp falls in the value of sterling, gilts and confidence in the UK's rating. Despite policy reversals, there is substantial residual damage in people's pockets and pension funds.

But this was not just an economic event. It triggered a systemic financial stability event, leaving question marks over regulators. The devil was liability-driven investment funds—LDI—and, as if we learned nothing from the great financial crisis, financial engineering that hides behind three-letter acronyms eventually leads to four-letter expletives when it blows up. So what was lurking, and why? The Pensions Regulator—TPR—has overly favoured investment in gilts, which steered funds away from higher-yielding productive investments. The accounting practice also developed of requiring net present value of liabilities, based on gilt interest rates, to be used in both pension scheme valuations and sponsor company accounts. That transferred artificial volatility to both scheme and company balance sheets.

Ways to smooth that volatility were therefore sought. LDI emerged and, with it, borrowing and leverage using repo and derivatives. Gilts were subject to repo—that is, sold but with retention of interest, a buy-back agreement and margining—and the cash used to buy further investments. Along with interest rate swaps, this quashes the accounting volatility and the pension fund gets to hold equities that regulatory edicts had inhibited. This sounds a bit like regulation-dodging, but the practice was actively encouraged by TPR. Alas, it also exposed pension schemes to cash margin calls. They were borrowing short against long liabilities—maturity transformation, just like Northern Rock, with shades of the great financial crisis again.

Then excess set in and, instead of buying equities with the borrowed money, more gilts were bought and underwent repo and so on. They were often leveraged four times, or seven times, as admitted in a TPR survey, or, anecdotally, 13 times. In 2018, the Bank of England *Financial Stability Report* noted that leverage and exposure to derivatives in pension funds was far greater than in hedge funds. It advised liquidity buffers and stress-tested market moves to 100 basis points based on historical review. My thoughts were that it did not think widely enough, not even to taper tantrums. The Bank pointed to international concern about systemic risk in non-banks but, despite the known UK-specific circumstances of DB schemes and a systemic feedback loop on gilts should there be a falling market, direct action was not—maybe could

not—be taken. So the systemic trigger event happened. There was a spiral of margin calls and, although the Bank intervened to purchase gilts, the fire sale of assets within pension schemes cost many of them around 25% of asset value.

Now we come to the funny money accounting illusion where the TPR, FCA and BoE all say that, due to the recent rise in gilt yields, the net present value of liabilities has dropped, deficits have narrowed and pension schemes are in a better position for buyout. Rejoice they may, but assets—out of which pensions will actually be paid, both now and in the future—have dropped by 25%. That hole will be felt.

Was LDI, at least in its simplest embodiment, a smart move? Possibly, but there is the issue that pension scheme borrowing is not legal. TPR hides behind the sophistry that repo is a sale and repurchase, though the BoE and FCA more honestly call it borrowing. Thus, in pursuit of buyout or accounting niceties, employers, trustees and regulators have embraced the contrivance of dubious legality to evade primary principles in legislation, with the Pensions Regulator, the FCA and the BoE seemingly oblivious to those primary principles. It is an accident waiting to happen again.

12.18 pm

Lord Little (Lab): My Lords, I welcome the noble Baroness, Lady Penn, back to her rightful place on the Front Bench. The speeches so far, led by the noble Lord, Lord Sharkey, have been of the highest quality. I must confess that I have already learned a lot from listening to experts such as my noble friend Lord Kestenbaum. I will make some brief observations on how we handle the situation we are now in.

First, we have to recognise that our national sovereignty, where we live in the world, is limited. Kwasi Kwarteng and Liz Truss thought that Brexit had somehow liberated them from constraints on national sovereignty. It has not, and that fact must be recognised.

Secondly, financial stability is essential. I believe we will face a very tough Budget but, when we make these tough decisions, it would be a great mistake to cut the programmes which are most likely in the long term to improve our rate of growth and therefore our ability to finance public services and a generous welfare state. If a Government present well-worked-out plans for investment, which should be audited by independent bodies, and if we invest wisely, we can borrow wisely to improve our position in future. I hope that will still be the case, because we need to invest in not only capital programmes but training. If we are to solve the problems of the health service, we need to invest in the workforce, particularly the social care workforce, because that is a crucial condition of getting the escalating costs of running the NHS under some kind of control. We need to invest in order to save; that is essential.

Thirdly, in tough times we should not neglect problems of poverty and inequality, or the essential role played by public services. We are getting to the familiar point that we want a Nordic welfare state with US levels of tax. That cannot be sustained with our demographic pressures, particularly on the health system. How do we get out of this? I do not believe we can solve the

[LORD LITTLE]

problem simply by imposing fantastically high taxes on the top 2% or 3%. We can do a bit more of that, but we cannot solve the fundamental problem of the welfare state by doing it. We need tax reform.

The noble Lord, Lord Young, illustrated in his excellent speech how prudent tax reforms could improve the housing situation and bring in more money to the Exchequer. The same is true of pensions. Why should better-off people get 40% tax relief when they invest in a pension, as I did, when people on average earnings get only 20%? We should have a standard incentive for investment in pensions. That would bring in a lot of revenue to the Exchequer, and it would be fair.

There are ways forward. Rachel Reeves has begun to address tax reform in business rates, but we must go further in other areas. I hope we can find a way out of this crisis that allows us to invest in growth and also maintain a sense of social justice.

12.24 pm

Lord Best (CB): My Lords, I thank the noble Lord, Lord Sharkey, for initiating this debate and for his excellent opening speech. My contribution will seek to identify actions which the Government could take to avert an ever-worsening housing situation and even extract something positive from the instability in financial markets which has led to higher borrowing costs.

First, to prevent a spate of repossessions—with the misery and huge cost of families being made homeless—there needs to be a robust safety net to meet the inevitable rise in home buyers running into serious mortgage arrears. In response to the 2008 global financial crisis, the Government introduced an improved income support for mortgage interest scheme. However, help was much diminished in 2018. On 9 June this year, the Prime Minister's office announced a new plan to support homeowners which would strengthen protection at this time of other cost of living increases, but no further detail about these proposals has been given since. Can the Minister say when it is expected that the Government will take this forward to avert a serious outbreak of mortgage repossessions and homelessness?

Secondly, turning to new housebuilding, Secretary of State Michael Gove this week re-established the Government's target for the construction of 300,000 homes per annum. This has sent out a signal that the Government believe it is essential to ease shortages and improve affordability by stepping up housebuilding. But, sadly, it will be harder to achieve this target with the rise in borrowing costs. Housebuilders are likely to sit on their hands rather than build more homes when costs are higher but prices may be falling; when there will be far fewer first-time buyers able to afford the new mortgage costs; when Help to Buy subsidies are finishing; and when deep uncertainty about the future will hold back potential purchasers.

The benefit which society can salvage from this predicament could come from a boost in the supply of new social housing, with support for the acquisition by social housing providers of sites or not-yet-finished developments. Not for the first time, this would keep the construction industry going through hard times

and prevent a construction-led recession while achieving a real increase in desperately needed affordable social housing.

Thirdly, turning to the private rented sector—I welcome the helpful contribution of the noble Lord, Lord Young of Cookham—the hike in borrowing costs will now affect thousands of landlords. The number exiting the market has already been growing following less favourable tax treatment and necessary new and forthcoming regulatory changes. Two-thirds of the country's 2 million landlords who have buy-to-let mortgages will face the higher costs of borrowing alongside higher costs of management, maintenance and new energy performance requirements. Very few will be able or willing to pass on all these extra costs to their tenants, not least since some tenants are already paying half their income in rent. So a greater exodus from the private rented sector can be predicted, with dire consequences for those already struggling to find rented accommodation.

This is not necessarily a disastrous phenomenon if struggling landlords are enabled to sell to social landlords—local housing associations and community-led housing organisations—which can modernise and re-let the properties as secure, affordable homes with low energy costs. The 2021 Affordable Housing Commission, which I had the honour of chairing, proposed a national housing conversion fund of £3.5 billion which could, with the usual private financing, achieve this switch for many thousands of properties. Will the new levelling-up funds open up this powerful route to addressing poor conditions and fuel poverty in the private rented sector, regenerating neglected areas, reducing the escalating housing benefit bill, saving NHS and social care costs and helping with net-zero targets?

I encourage the Minister to pass on to her colleagues Churchill's wise advice: "Never let a good crisis go to waste".

12.29 pm

The Lord Bishop of St Albans: My Lords, we are living in challenging times, with inflation rates at a 40-year high. Turbulence in the financial markets, with higher interest rates and larger mortgage payments, is adversely affecting people in all walks of society. With the wholesale price of energy and gas increasing due to Putin's appalling and illegal invasion of Ukraine, it is vital that His Majesty's Government do all they can to protect renters, those with mortgages and, of course, pensioners.

To put a human face to this debate, I thought it might be worth while just quoting one of a number of emails I have received from communities in my diocese this very week. One person emailed me on Friday: "In my role as chair of a food bank, we are having to make decisions around both frightening increases in demand and a growing decline in donations. This summer, we increased our warehouse capacity to handle food for somewhere around 500 food parcels a day. The problem is in-work poverty which is growing substantially. In the past few weeks, we have been approached by a hospital, a large business, schools and a local council about whether they can refer low-paid staff to us." He went on: "Apparently, employers are not prepared to talk about the problem of in-work poverty, feeling

ashamed. They would like to raise wages and want the best staff welfare but can't because that would move them into a deficit budget." The human reality of what we are facing is stark. Unfortunately, the mini-Budget of 23 September made a challenging financial climate much worse.

I want to say a few words about the challenges facing pensioners. Statistics show that more than 2 million pensioners are living in poverty, with this figure increasing by around 200,000 in the last year. Age UK has suggested that one-quarter of elderly people are being forced to choose between heating and eating. These pressures are being felt particularly by those who are reliant on the state pension alone. I know many of us are hoping that in the forthcoming Budget we will be given some assurances about the commitment to maintain the level of state pensions.

I turn to private pensions for a moment and particularly raise concerns about the use of LDIs, which other noble Lords have mentioned. According to the Pensions Regulator, 60% of defined benefit pension funds incorporate LDIs. Without the Bank of England's promise this September to purchase £65 billion in government debt, it is near certain that some of these funds would have been imperilled—that is perhaps a very mild description. The Bank of England has described this scenario as capable of

"driving a potentially self-reinforcing spiral and threatening severe disruption of core funding markets and consequent widespread financial instability".

I understand why LDIs are being used. Nevertheless, as in many things, the issue is how and to what extent they are being used. I have heard reports that some of the funds were using too much leverage with too little protection and in so doing potentially causing a great deal of danger not only for themselves but to more responsibly managed pension funds and markets. We have to ask, and I hope the Minister will give some reassurance on this: are these LDIs being properly regulated? Are the risks really understood so that we are protecting pension funds? Are they subject to adequate stress tests? Indeed, I am tempted to throw in the question: if we are worried about LDIs, are there other financial investment mechanisms that might threaten the long-term stability of pension funds?

The Government must ensure that pensioners, some of the most vulnerable in our society, are protected from the riskiest of investment policies adopted by some pension funds. Will His Majesty's Government investigate the use of LDIs by pension funds and ensure that pensions are properly protected?

12.34 pm

Lord Sikka (Lab): My Lords, I thank the noble Lord, Lord Sharkey, for facilitating this very timely debate. I want to talk about the elephant in the room, which is the finance industry and how it has destabilised the whole society. We have about 41 regulators for the finance industry, but they have very little idea of what the finance industry actually does. Indeed, it came as a shock to them after the banking crash that they were using derivatives to such a large extent. After the fiasco of the mini-Budget, some £1.3 trillion has been wiped off the UK bond market, and that includes £882 billion from gilts and the index-linked gilts market.

The Pensions Regulator tells us now that some 7,500 pension schemes may well be technically insolvent. Did the Bank of England, the Treasury, the regulators or the FCA know how the pension funds are funded? We frequently get impact assessments accompanying financial Bills, but none of them looks at the destabilising effects of what the Government actually do. I hope we will get something different.

Financial markets are inherently unstable and, in the absence of effective regulation, continue to destabilise society. Short-termism is prevalent, compounded by fraud and anti-social practices, which are rife in the City of London. Numerous financial products have been mis-sold for more than half a century. Has any big company ever been liquidated as a result? No. Governments bail out the industry—that means there is no threat of bankruptcy at all for the key players and they then have a public licence to continue to misbehave. Financial sanctions are puny and they continue to engage in tax avoidance, rigging interest rates and exchange rates, forging customers' signatures, money laundering and anything else we can think of.

The finance industry is the only industry that has the capacity to decimate economies. Research by my colleagues at the University of Sheffield has shown that between 1995 and 2015, the bloated, scandal-ridden finance industry made a negative contribution to UK GDP of £4,500 billion, yet the Government do not take that on board in anything they do in relation to this industry. There is no public inquiry of any kind as to how the industry operates. Can the Minister tell us when we will get a public inquiry into this scandal-ridden industry?

Effective regulation is the key. That was recognised after the 1929 Wall Street crash, when the US created the Securities Exchange Act. Of course, it has not fully succeeded. The UK has a rather *laissez-faire* approach. Until the mid-1970s banking crash, there was no regulator for the banking industry at all. The Banking Act 1987 handed the keys to the Bank of England and it failed miserably, as was shown by the frauds at BCCI and Barings and the collapse of Johnson Matthey. Then we had, through the revolving doors, the Financial Services Authority, after which the 2007-08 crash showed that the chaps regulating the chaps does not work at all; it has never worked. Then we brought in the FCA and the PRA and the scandals have not gone away, whether it is London Capital & Finance, Blackmore Bond, Woodford Equity or any other. The HBOS and RBS frauds are still unresolved. My colleagues have sent regulatory bodies 10,000 pages of evidence to show that banks are forging customers' signatures to repossess their homes and businesses, yet we have seen no action of any kind.

The shadow banking industry is not regulated at all, yet it is bigger than the regulated banking industry. That is another elephant in the room and we saw part of the effects of that through its effects on pension schemes. Can the Minister tell us why the shadow banking industry is not regulated on the same terms as the banking industry?

I shall wind up by reminding noble Lords that we need effective independent regulation in which the stakeholders, not the City elites, are in control of what

[LORD SIKKA]

happens in our society. Until that happens, there is little prospect of stability in the finance industry and that will affect the rest of the economy, because everything is now financialised. Indeed, private equity owns supermarkets: if they collapse, supermarkets will collapse too.

12.40 pm

Lord Bilimoria (CB): My Lords, between 8 and 19 September, after Her Majesty the Queen sadly passed away, the whole world looked to this country with the utmost respect thanks to that wonderful lady. On 23 September, it all came crashing down. I had been travelling around the world, in Asia and in Europe, and people said to me, “What is your great country doing to itself?” On 24 October, on Diwali day, our first south Asian-Indian Prime Minister, Rishi Sunak, was appointed. What happened on 23 September? Liz Truss and Kwasi Kwarteng’s plan was a good plan with its intentions for growth and to cut taxes. When I was president of the CBI, I constantly said to Rishi Sunak, when he was Chancellor, “Please don’t put up taxes”. The Indian Budget in 2021 deliberately did not put up taxes. The Indian Government said, “We do not want to stifle the recovery and hamper growth, because that is what will happen if we put up taxes, and businesses have suffered enough”. Instead, we have the highest tax burden in 70 years.

In life, more often than not, it is not only what you do but how you do it. I remind noble Lords of the irrational exuberance of Liz Truss and Kwasi Kwarteng on 23 September, pulling rabbits out of a hat, including removing the cap on bankers’ bonuses. This is the right thing to do to make the City of London more competitive, but not when people are going through the most acute cost of living crisis in memory. Reducing the top rate of tax from 45% to 40% is absolutely the right thing to do. It was 40% under Margaret Thatcher, John Major, Tony Blair, and Gordon Brown, who put it up to 50%. Then it was taken down from 50% to 45% by George Osborne, and not to 40% because of the coalition with the Liberal Democrats. He would have taken it down to 40%; it should be at 40%, but not now—timing is everything.

The markets were spooked of course, because there was no OBR report to back up and support the so-called mini-Budget. There was no plan and no budgeting. Removing the national insurance rise of 1.25% is again the right thing to do. The Labour Party itself said that it would not have increased national insurance. Now everyone is focused on this black hole of £50 billion. No one talked about the black hole of £400 billion that was spent during the pandemic. Our debt to GDP is, at the moment, about 100%. It is the second lowest in the G7. Japan is at 250%, America is at 150%, Italy and France are both over 110%. Our debt is not that high. It is all about perception, and about the Government and the Treasury having a plan, and the Government and an independent Bank of England working together.

Before the financial crisis in 2008, we had an average growth rate of 2.5% and interest rates of about 5%. After the financial crisis we had austerity. Austerity did not work; it led to no growth and declined productivity.

We had almost 0% interest rates for over a decade. We must not go down the austerity route. We need efficiencies in public services. We are all grateful for the National Health Service; its expenditure has gone up from £110 billion to £150 billion, and will continue to increase. It needs root and branch reform. We need to be able to continue to offer health, social and dental care free at the point of delivery, and that will need efficiencies.

Putting up corporation tax from 19% to 25% is going to hamper our competitiveness and will harm businesses in every way. To counter that, the Government should encourage investment. The super-deduction of 130% has been taken away. I ask the Government if they will introduce a 100% tax deduction for capital investment, innovation and R&D to encourage investment? We need to invest in skills and to reform the apprenticeship levy. Can the Minister tell us if the Government will reform it?

We are crying out for the reform of business rates. The rates we have are some of the most expensive and unfair in the world. They are killing our high street, hospitality and retail sector. Will the Government reform business rates? Will the Government agree that business needs help right now to survive this winter, in the face of a recession? We need to temporarily reduce VAT to 10% for the hospitality sector, as we did in the pandemic. We need to give business rates relief, as we did before. We need to activate the shortage occupation list. Do the Government agree that we need a revamped Migration Advisory Committee, much like the Low Pay Commission that sets the minimum wage, and the independent Monetary Policy Committee that sets interest rates? We should have an independent MAC that activates shortage occupation lists, sector by sector, granting one or two-year visas, to give industry the workforce it needs.

We need access to cash flow and government-guaranteed loans. That way businesses will survive. If not, we will have 10% of hospitality going bust. We need the help now. I would rather do that to prevent unemployment and businesses going bust. We need a credible plan and a credible budget, not irrational exuberance, and to continue to invest in education, infrastructure and defence—and I am sorry to say I think that 3% defence expenditure is going to be required.

We now have a Prime Minister and a Chancellor with business backgrounds. We have interest rates that have gone up to 3%; they will go up to 5%. We must focus on investment, growth and this country’s strengths, with its strongest combination of hard and soft power in the world, and a reputation for integrity, which is why we have been trusted historically by the world.

12.45 pm

Lord Desai (Non-Afl): My Lords, I thank the noble Lord, Lord Sharkey, for initiating this debate and the powers-that-be for holding it in the main Chamber and not shoving us off into the Moses Room. I have never enjoyed an economics debate in the Moses Room. It is much better in here.

We have already had three overlapping crises. First, we had come out of a pandemic, which had caused us to spend a lot of money and build up a deficit, but that

was necessary. Secondly, as I said last time that we had a general economic debate in July, we are in a stagflation crisis as serious as the one we had in the 1970s. That crisis lasted 15 years and we have to take this crisis very seriously. It is partly the result of the Russia-Ukraine war, partly other things, but the shock of energy price rises is going to stay here and not go away any time soon. Thirdly, we had the desire on the part of the then Prime Minister, Liz Truss, to ignore all this and go for growth. I have lived here for nearly 60 years and as a professional economist I have never known any time when the British economy has not been going for growth—not actually getting it, but going for growth. Going for growth is the great thing. “How can we grow faster? How can we be like Germany or America?” That has cost us a lot. This is a very fragile economy. I remember the days of stop-go when the weakness of sterling was causing us a lot of problems and we could never get growth. Then we had the long battle about Europe and we finally Brexited. I think Brexit has done some damage, which the Government still do not admit, but the Office of Budget Responsibility was very clear how much Brexit has harmed us.

Given that these conditions were facing us, during the debate about the Conservative leadership it was quite clear that there were two views. One was of fiscal responsibility and the other was a dash for growth. I think the dash for growth won the support of the Conservative Party members.

The surprising thing about what happened then was the indecent haste with which the dash for growth was implemented. The new Prime Minister had plenty of time: unfortunately, because Her Majesty the Queen had died, Parliament was not sitting. She had a month or two to think about her policy. But no—she was in such a hurry I can only call it Maoist. Mao Zedong, when he became the leader of China, suddenly thought, “Within five years we are going to catch up with the UK in steel production”, and he totally ruined the economy. This economy can be ruined much faster than China’s, and that is what happened.

To propose tax cuts which are not properly funded was such an elementary mistake that it made the financial markets respectable and much loved in this country; for the first time, ordinary people thought, “Well, thank God for the financial markets, because this madness would have cost us a lot”. So in a sense it is quite right that the financial markets offer good advice to politicians: “Don’t do foolish things; try to do better”.

I do not have much time, but let me put it to the Government this way: do not start on the growth run. Please preserve our stability. There is plenty of time—this country is not going to go away. Right now, we are still suffering from the loss of skilled labour due to Brexit, and we need to take care of social care, the health service and so on. Conserve, preserve, and save the economy. We will have enough time to grow later.

12.51 pm

Lord Campbell-Savours (Lab) [V]: My Lords, following the excellent speeches from the noble Lords, Lord Young of Cookham and Lord Best, I will concentrate my remarks on the narrow issue of housing and the

instability in the housing and rental markets arising from the crisis brought on by the war in Ukraine. That war, with its consequences worldwide, is undermining housing markets across Europe, with escalating interest rates and a drop in construction activity. In London there is a particular crisis: Foxtons and Chestertons are reporting between 20 and 30 applicants for each rental property, with supply at an eight-year low.

Escalating rents are driving desperate prospective tenants into offering 12-month upfront rental payments. With thousands of new builds on hold, a Budget forcing up interest rates on mortgages—topping 6%—and escalating building costs, we have a real crisis in the making. This is all against the background of the Bank of England’s statutory objective to

“protect and enhance the stability of the financial system”.

We all know what that means for those who lack resources and buying power. Those with resources will see savings increase in cash terms, while those without will really suffer as they service their borrowings. Of course, all lose in conditions where inflation bites into savings.

Faced with rising mortgage costs, landlords are responding, often erratically, in defence of their business models. On the one hand, they have rising mortgage costs, and on the other hand the problem of affordability by tenants. Faced with escalating mortgages, some landlords are pulling out of the rental market. There are reports that the number of properties available for rent in quarter 1 of 2022 was down a third from the pre-pandemic five-year average—all at a time when demand from new tenants is rising and existing tenants are struggling against demands by landlords for increased rents. In June, the BBC reported on tenants’ bidding wars, with renters under 30 spending 30% of their income on rents, and Shelter’s August survey found that 32% of private renters spend at least half their monthly income on rent—and this was all before the consequences of the disastrous Kwarteng-Truss Budget measures, with their ruinous effects on interest rates.

One of the consequences of the most recent escalation in interest rates is deeply worrying. My contacts in the housing market talk of huge increases in rents being sought from tenants who, on pleading an inability to pay increased rents, are being evicted or pushed to leave, some under the provisions in Section 21 of the Housing Act 1988. This brutal section enables private landlords to repossess properties from assured shorthold tenants without having to establish fault on the part of the tenant.

In April 2019, the Government announced the repeal of Section 21, and the Conservative manifesto equally promised repeal and a better deal for renters. In this year’s Queen’s Speech, the Government announced the “renters’ reform Bill”, and its accompanying White Paper proposed abolishing Section 21 evictions—all good news. However, we now hear some ambiguity in recent statements from Commons Ministers about the timetable of the legislation. Whereas originally it was to be introduced

“in the 2022-23 parliamentary session”,

it is now

“in the course of this Parliament.”—[*Official Report, Commons, 17/10/22; col. 355.*]

[LORD CAMPBELL-SAVOURS]

Meanwhile, insecurity of tenure and potential evictions can proceed. Renters in this volatile market need urgent action. They need protection now, not delay. The crisis requires early action, and the Government need to respond. I appeal to the Government to introduce legislation as a matter of priority. Landlords cannot always be relied on to act sensitively.

I want to repeat a question I asked earlier this year, and again ask the Minister to consider my suggestion that

“with vulnerable, low-income elderly groups in this highly inflationary period facing unaffordable, escalating service charges and possible loss or even forfeiture of their homes, why not promote or sponsor a national scheme for elderly leaseholders that rolls up service charges in the form of a debenture against property title—effectively a rising legal charge? The debenture holder would pay the service charge on behalf of the resident, and then claw back payments—interest-serviced or otherwise—on death or even before.”—[*Official Report*, 20/6/22; col. 12.]

I have not been informed that there is work going on in the department. I hope that the Minister can take my suggestion away and consider it, because there is a real problem developing in this area of housing policy.

12.56 pm

Baroness Bennett of Manor Castle (GP): My Lords, I thank the noble Lord, Lord Sharkey. It is very tempting to use the opportunity he provided to reflect on the immediate impact of the reckless unleashing in September of failed 1980s policies built on a fundamental misunderstanding about the nature of markets—which are not some abstract, immutable, timeless force but a human creation shaped by human-made rules and, as ours are now constructed, subject to wild irrationality and mindless seeking of short-term profit without any concern for long-term costs, structured so that a few benefit and the rest of us pay.

But I am not going to do that. Instead, I am going to focus on stability, which the noble Lord asks us to contemplate with reference to the obvious recent impacts of instability on pensions, mortgages and the rental market—to put it another way, on the provisions of the essential needs of life, or the needs for survival.

Stability demands resilience and resistance to shocks. It is not just our financial markets that need resilience but our entire society in this age of shocks: pandemics; geopolitical earthquakes; the climate emergency and nature crisis; and demographic shifts such as our ageing population. In the past we tried to deal with such issues with stress tests. To quote the Deputy Governor of the Bank of England, Jon Cunliffe, in a recent letter to the UK Treasury Select Committee,

“the scale and speed of repricing leading up to Wednesday 28 September far exceeded historical moves, and therefore exceeded price moves that are likely to have been part of risk management practices or regulatory stress tests.”

A stress test can only ever be as effective as the stress that it can imagine, and we are now in an age of shocks like we have never seen before.

The right reverend Prelate the Bishop of St. Albans asked whether we should not have better stress tests but, practically, this is not enough. No one truly understands the current system and, as the noble Lord, Lord Sikka, so powerfully outlined, we have an

innately risky and unstable system that is absolutely stock-full of fraud and corruption, as well as a lack of transparency.

It might be said that maybe this is the price we have to pay to live in a modern society. As the noble Lord, Lord Sharkey, said, I think it is worth looking back to the excellent House of Lords Library briefing here, which—I think rather pointedly—started by quoting the Bank of England’s definition of financial stability. It says that it is

“the consistent supply of the vital services that the real economy” needs. Those are the human needs that the noble Lord’s questions refer to: the need for a roof over your head and for an income when you are old so that you can feed yourself. We can look again to the Bank of England’s website to ask: what are financial markets for? The Bank of England says that

“financial markets ... exist to bring people together so money flows to where it is needed most.”

Let us think about where money has been flowing. If we go back to 2007-08, where did money flow? It flowed massively into the banks, to rescue them. At that moment, that had to happen or the cash machines would have stopped working and no one would have had any money to buy their food, et cetera. But what happened after that? The money stopped flowing to our essential public services; it stopped flowing to the basic benefits that keep people alive.

I invite noble Lords to imagine an alien landing on Earth today, in the UK. Where does money need to flow? Obviously, it needs to flow into households that are struggling to heat their homes and feed their children; into schools contemplating a four-day week because they have not got enough income; and into hospitals with queues out the door. But where is it flowing? It is flowing to tax havens and rich men’s yachts; it is swilling around and around in the City of London.

To give some figures, according to the Bank of England, lending from banks to the non-financial sectors accounts for only 20% of their balance sheets. The rest is interbank claims: money swilling around and around in the financial sector. Now, that figure excludes trading derivatives, which are often several times larger than banks’ balance sheets. The fact is that on banks’ balance sheets, their loans make up a tiny proportion of their total banking interests. Two-thirds of the non-financial lending goes into mortgages, pumping up prices, and the rest into business assets, again pumping up prices.

The Treasury directed the Financial Conduct Authority in the last financial crisis to make financial markets work well. If they work well, they have to serve the real economy, which they patently and clearly are not doing now. They are risking the secure future of us all.

1.02 pm

Lord Davies of Brixton (Lab): My Lords, I first offer my thanks to the noble Lord, Lord Sharkey, for initiating this debate, and to the previous speakers. I have to declare an interest as a fellow of the Institute and Faculty of Actuaries. I have to say, based on over 40 years in the world of pensions, I find it quite difficult to cram what I want to say into five minutes—less than five minutes now.

I will, however, make three points. First, thanks to the noble Baroness, Lady Bowles of Berkhamsted, we have heard a clear exposition of the technical difficulties that arose in the episode in September. We need to understand, however, that this is a systemic problem with our pension system and the way that it is funded. It is not just a question of overleverage or pooled funds being difficult to manage. It is about the whole approach to how we fund defined-benefit pensions. There is a mistaken belief that if you look to reduce short-term volatility, that in some sense helps in the long term. The contrary is true: the real risk to pension funds is that they do not deliver their benefits, or the obverse, which is that the cost of providing those benefits is set too high, dissuading us from making adequate provision. It is a complicated subject, but this is encapsulated by this short-termism and focus on mark-to-market valuation at the behest of company accounts. That is the fundamental problem and it needs to be broken.

To address that issue, we must have a proper review of this incident and what it means for funding in general. Currently, we have an alphabet soup of regulators involved: there is the Joint Forum on Actuarial Regulation; within that we have the Institute and Faculty of Actuaries, the Financial Conduct Authority and the Pensions Regulator—it goes on. They are undertaking a review next month of what happened but we need an important and clear independent element in that review. I pressed the issue in Questions earlier in the week: I hope that the Treasury will take a more long-term view of what is happening here. We are told that three Select Committees are looking at this issue. Perhaps we will have to wait until their conclusions, but the Treasury has to take hold of this issue and look at what needs to be done, rather than relying on this alphabet soup of regulators.

Thirdly, what impact does this have on pension benefits? A lot of commentators in the industry have said that funding ratios have gone up, so it is all right. As has been explained, ratios have gone up not because there is more money—there is less money—but because of the adjustment in the value attributed to future liabilities. That is fine, but the problem is that the better funding ratio is not looking at what that means for benefits. The funding ratio might have improved, but the higher rate of inflation that comes with that increase in interest rates will have a devastating effect on members' future benefits. It is no good having a higher funding ratio if the benefits have, effectively, been reduced because of the impact of inflation.

1.07 pm

Baroness Kramer (LD): My Lords, I join in welcoming the Minister to her role and thank all noble Lords who have spoken. It has been a quite exceptional debate, both for its quality and new ideas and the wide range of contributions. But while we have been standing here, the Bank of England has raised interest rates by 0.75 of a point to 3%. That is the biggest hike since 1989 and it is forecast that the UK is facing a “very challenging” two-year recession, which would be the longest on record.

I say to the Minister, since she is here, that this calls for the Chancellor to come to Parliament and to speak more generally to the nation. So many people will now

be desperately worried about what will happen to them. Several speakers today—I am thinking of the noble Lords, Lord Young, Lord Best and Lord Campbell-Savours—focused on housing, both on mortgage costs and the immediate impact on the rental market. That will feed through to people long before we get to the Autumn Statement on 17 November. Will the Minister ask the Chancellor to reassure the nation before then, rather than leave people twisting, quite frankly, with overwhelming concerns? All three of those speakers talked about longer-term reforms. Those things matter, both for housebuilding and for the rental sector, but we have an immediate crisis, and that is what I ask the Minister to focus on and deal with immediately.

After the events of the past weeks, I hope we no longer have to deal with discussions that question the need for financial stability. It is a prerequisite for a functional economy, and fiscal responsibility clearly underpins that stability. I have been listening for years to people who have claimed that we can print money, borrow, cut taxes and spend, with almost no limit. I pick up the phrase of the noble Lord, Lord Kestenbaum, who said that one day the music will stop. We have to take proper responsibility.

We also need to recognise that we are not the US economy with the almighty dollar and a domestic market of 350 million people. We are not in the EU with a domestic market of 450 million and 27 countries at our back. We are a medium-sized European economy, adrift since Brexit from any significant trading bloc and with a currency that is no longer a globally used trading vehicle. We have made our economy significantly more vulnerable. I pick up the point made by the noble Lord, Lord Desai—that the UK is an inherently fragile economy and we have to recognise that in the decisions and actions we take.

I also hope—I really disagree with the noble Lord, Lord Bilimoria, here—that we have heard the last from those who claimed that very low corporate taxes, reducing taxes on the richest, slashing regulation and cutting public services are the answer that will hand us growth.

Lord Bilimoria (CB): I did not say cutting public services.

Baroness Kramer (LD): I misunderstood; I thought the noble Lord was advocating cuts in public services to balance the books.

Lord Bilimoria (CB): I said efficiencies.

Baroness Kramer (LD): I would like to deal with that issue of efficiencies and cuts. After so many years of cutting out the fat and getting to the bone and flesh, the word efficiency is used extremely casually. Very often, it is expensive to make the change that underpins efficiency, so I will be looking to see if the noble Lord, Lord Bilimoria, speaks out against cuts in the real financing of public services.

We have been through this low-tax strategy and, frankly, it is an ideology that has been proven to be wrong. It may have suited or looked sensible when first implemented, but we have seen consistently over a long period that it does not deliver growth in the UK

[BARONESS KRAMER]

economy. I shall be fascinated to hear speeches from the Conservative Benches after the Autumn Statement. I am sure there will be lots of support for whatever the new orthodoxy is, and I look forward to seeing how Members opposite align that with the enthusiastic speeches in favour of the mini-Budget.

Businesses are now trying very hard to get the Government to hold back from their other false growth claim, which is slashing regulation. I noted that even the noble Lord, Lord Wolfson, said in this House that business is not looking to cut or change existing regulation. Last week I was at Mansion House to hear the Lord Mayor of London trying to impress on the Government and regulators that the City and financial services depend on the accreditation and confidence that regulation provides. If ever we needed to understand that regulation, having standards and getting it right are important, it is in light of the crisis triggered by LDI.

Numerous speakers picked up that point, including my noble friends Lady Bowles and Lord Sharkey, the right reverend Prelate the Bishop of St Albans and the noble Lord, Lord Sikka, as well as the noble Lord, Lord Davies, who looked specifically at the need to reform the way we think about and structure pensions. These are not deregulatory actions; they will often incur different, but firm, regulation. Regulation is a mechanism for enforcing standards, and the casual notice that a deregulation agenda somehow leads to growth is something most of industry is pleading with the Government not to adopt.

In the end, it is ordinary people and small businesses that pay the price of decisions that fly in the face of the real world and the experience we have been through. The noble Lord, Lord Kestenbaum, made the point that market instability hits many ordinary people. I will not repeat the many conversations that have taken place today on the impact of the rising cost of living, mortgages and rents; that has been very well laid out. The noble Lord, Lord Liddle, made the point that we cannot ignore poverty, the right reverend Prelate the Bishop of St Albans talked about the problems of in-work poverty, and all the conversations about rental reform very much feed into these concerns. I have simply no idea how most families manage when the cost of the very basics for living are up by 17%.

The Government are going to have to confront the impact of declining real wages. You cannot clap nurses one week and push them to food banks the next. I disagree again with the noble Lord, Lord Bilimoria, that uncapping bonuses is just a timing issue. You cannot say that one group of people cannot work effectively unless they have uncapped bonuses, then look at nurses and say that they can work effectively even with declining real wages. That bonus system, together with light-touch regulation, played a huge role in driving the 2007-08 crash that still scars us today. There is an old saying: fool me once, shame on you; fool me twice, shame on me. We have to be very careful about how we handle the financial services industry, for which I have great respect but where the wash of money tempts people to find a workaround in so many different ways. Indeed, LDI is a very good example of the industry trying to find a workaround.

We wait to see the Autumn Statement on 17 November. I think everyone here is very well aware that Shell announced last week not just quarterly global profits of \$9.5 billion, over twice those for the same period last year, but that it also paid no windfall taxes. BP had almost the same earnings and paid a tiny bit of windfall tax. The House might be interested to know that the oil and gas sector has in just this quarter paid out \$29 billion to shareholders. This, if anything, demonstrates that this tax has been very badly structured. I understand the Chancellor wanted to put in many thoughtful loopholes, but they desperately need to be removed and this must become a meaningful tax. To pick up on points made largely by the noble Lord, Lord Liddle, one of the things we need to think through is a shift from taxing earned income so heavily to looking at unearned income.

I agree with the noble Lord, Lord Bilimoria, that small businesses are under terrible pressure, and that needs to lead to reform of business rates and various schemes that will let them manage the debt they are carrying, many for the first time. Of course, I also join with others in calling for the uprating of benefits in line with inflation and protection for the triple lock.

There are many things that I do not forgive this Government for, because for years they have ignored the fundamentals of growth in the economy. That may be a point for a different debate—I would love the opportunity to develop it. The Chancellor faces hard choices. The Conservative Party has over the last decade brought those choices on itself, but the unfortunate part is that it has also brought them on the country.

1.18 pm

Lord Tunnicliffe (Lab): My Lords, I congratulate the noble Lord, Lord Sharkey, on securing this important debate. I congratulate all noble Lords who have participated; I enjoyed their critique of various factions. I found particularly helpful the discussion on LDI. Studying it over the last few days, it finally failed a test that I have always found useful: if it looks too good to be true, it probably is, and is in many ways a charade.

I have already welcomed the noble Baroness, Lady Penn, back to her place on the Front Bench. She had no role in the recent economic turmoil, yet she shares responsibility for clearing up the mess. I wish her well—it will be a tough task—and hope her first priority will be to stress to the Chancellor the importance of fairness as he prepares his Autumn Statement. It must place the burden on those with the broadest shoulders, recognising the very serious financial struggles being faced by so many across the country.

It says a lot about the mini-Budget that it was announced less than six weeks ago yet managed to: crash the economy; lose Mr Kwarteng his job; be torn to pieces in record time, in such a public manner; and evict Liz Truss from Downing Street. As we heard during this debate, the damage done by the mini-Budget will not be undone for some time. This was an economic crisis made in Downing Street. Through instability to pension funds and significant hikes in mortgage rates and rents, ordinary people are paying the price for the Conservative Party's reckless gamble.

On pensions, I admit to leaving the Chamber on Tuesday afternoon with more questions than answers. Responding to questions on the use of liability-driven investment strategies, the Government seemed to have four fallback positions: non-banking activity is subject to different regulation; pension funds had been stress-tested in 2018; the Financial Policy Committee does not believe funds can ensure against all extreme events; and this is an issue of international concern, meaning there is no domestic fix. Let us take each in turn.

First, we will shortly consider a hefty Financial Services and Markets Bill. What provisions, if any, are there in that Bill which may help address concerns around the risks posed by LDIs and indeed any other instruments in the future that create those dilemmas? Is the Treasury actively considering adding any provisions in response to recent events? If so, when will those new measures be introduced?

Secondly, can the Minister confirm whether any additional stress test has been carried out since the exercise in 2018? Do these occur at regular intervals, or was it a one-off exercise?

Thirdly, while it is true that funds may not be able to guard against all possible market events, that does not absolve them of the responsibility to guard against the risks they are taking on behalf of pensions beneficiaries. The FPC will, in due course, come to its own view on where the bar should be set, but does the Treasury have its own position?

Finally, on mortgages, it is true that there is an international element. That is why I used my question on Tuesday to cite the news that other countries' regulators are expanding their surveillance of activities with links to UK pension funds. The Minister told the House that the Government are advocating for international agreements in this area. Could she outline the forum in which these talks are taking place? Do the discussions pre-date the mini-Budget, or have such talks commenced only since the events in September? Does the Minister believe that the UK has suffered material harm to its international reputation for financial stability?

While the detail and regulation of LDIs is very important, the biggest impact in the UK's recent financial instability for many people has been the sudden increase in their housing costs. For many, the legacy of Liz Truss's short spell in Downing Street will be higher mortgage bills or rent costs, not just for the few weeks she was in office but for years to come. The Resolution Foundation warned two weeks ago that more than 5 million households could see their annual mortgage payments rise by £5,100 by the end of 2024. Labour analysis of mortgage market data suggests that the costs may be even higher: those who borrow £200,000 will now spend almost £6,700 more a year than they would have last September.

Of course, these costs may rise further still. The Bank of England will continue to hike interest rates in the coming months as it seeks to bring inflation down. Given that economic picture, there can be little surprise that mortgage approvals for purchases were down 10% over the past month. Many first-time buyers have had their dreams dashed, with banks withdrawing mortgages for those with low deposits and drastically increasing the rates on the products that are left.

Renters are also feeling the pain, with many anecdotal reports of landlords increasing charges to offset higher costs. As the Library briefing outlines, various property firms have produced evidence that rents are spiralling. For many, this was the case even before the mini-Budget—a reflection of the Government's poor record on housebuilding, regulation, and so on.

People's lived experience of the last six weeks means that they simply do not believe the Conservative Party's assertion that the recent economic crisis was driven by international events. Yes, interest rates are rising across the world, but the mortgage and rent hikes seen in the UK are simply not being replicated elsewhere. Other countries' pension funds did not require a bailout from the national bank. These events were the result of a catastrophic failure of judgment from the former Prime Minister and Chancellor. The new Prime Minister may have acknowledged that mistakes were made, but we are yet to see any evidence that the Government know how to put this right.

The Conservative Party is out of ideas. Only Labour can deliver the stability and growth Britain needs, through strong fiscal rules, an office for value for money, our green prosperity plan, a modern industrial strategy, and our plan to scrap and replace business rates.

1.26 pm

The Parliamentary Secretary, HM Treasury (Baroness Penn) (Con): My Lords, I join all noble Lords in thanking the noble Lord, Lord Sharkey, for the opportunity to debate this important topic.

The central responsibility of any Government is to protect national security, and an essential pillar of that security is economic stability. That economic security and stability has real and profound impacts on people's lives, as we have heard in today's debate, from pensions and savings to mortgage costs and the broader cost of living.

The Motion that we are debating today speaks of the importance of stability in financial markets, and I agree with all noble Lords on the desirability of this. However, it is also important to recognise that many of those factors influencing stability can be beyond our control. There are global forces that can create volatility in the financial markets, as we saw in the past with the global financial crisis and more recently with the shocks of the global pandemic and the energy shock in the aftermath of Russia's invasion of Ukraine. The role of government and the regulators is to ensure that we have a system that is resilient to those shocks. Since the financial crisis in 2008, that is what we have sought to build.

We created a new Financial Policy Committee to look at risks across our financial system, backed by the powers to tackle them. On the question the noble Lord, Lord Tunnicliffe, asked about whether the Treasury will take a view on financial stability risks in addition to the Financial Policy Committee, the Government remain committed to the Bank of England's independence, so it is right that the FPC can independently assess the level of resilience required to promote UK financial stability.

We have also developed the UK resolution regime, which provides the financial authorities with powers to manage the failure of financial institutions in a way

[BARONESS PENN]

that protects depositors and maintains financial stability, while limiting the risks to public funds. We have implemented regulations to strengthen the resilience of the banking system, with the major UK banks now reporting core capital ratios three times higher than before the global financial crisis. There has also been a concerted international effort to strengthen the financial system and ensure that the authorities have the necessary tools in place to protect financial stability.

Recognising in particular the significance of the non-bank sector, over the last decade the Government and UK regulators have worked closely with our international partners through the Financial Stability Board to identify vulnerabilities and enhance the sector's resilience. It is important to pursue this work through international fora due to the global nature of the financial system, and the Government, the Bank of England and UK regulators play an active role in this work. As a result, the system is much more resilient today than it was in 2008.

However, alongside the UK's independent financial regulators, we continue to closely monitor any developments that could be relevant to UK financial stability. The Treasury, the Bank of England and the Financial Conduct Authority have well-established and mature systems for monitoring the health of our financial services firms and responding when incidents occur. We are also committed to maintaining and enhancing the UK's position as a global financial services hub.

The noble Baroness, Lady Bennett, questioned what the financial sector delivers for the United Kingdom. She will probably be familiar with the statistics that financial and related professional services employ more than 2.3 million people across the UK, creating £1 in every £10 of the UK's economic output and contributing nearly £100 billion in taxes to help fund vital public services. We plan to continue to strengthen that sector through the Financial Services and Markets Bill, which is currently in Committee in the House of Commons. We are all—

Lord Liddle (Lab): The Minister has stressed, rightly, the importance to the prosperity of the City of London of financial regulation, and of a stable financial regulatory regime, which I certainly support. However, the Government are talking about taking powers to overrule regulators. Can the Minister confirm whether or not these powers will be included in the Bill when it gets to this House? Can she tell us how she thinks that will contribute to the independence and stability of the regime, which is so fundamental, as she admits?

Baroness Penn (Con): I cannot confirm that, but I am sure that when that Bill comes to this House, we will spend sufficient time scrutinising its provisions and ensuring that they deliver the outcome that we all want—a stronger financial services sector—which is important not just for the City of London but for people's everyday lives in the country.

Baroness Bennett of Manor Castle (GP): The Minister referred to the amount of employment from the financial sector, which, by my figures, is about 7% of total paid employment, meaning that 93% of people are not

working in the financial sector. If the Government are focusing their efforts on increasing the financial sector while failing to meet the needs of the sectors of the economy that provide 93% of jobs, are we not all losing out?

Baroness Penn (Con): I do not believe that that characterisation is right. Ensuring that we have a strong financial services sector also benefits many other parts of our economy in terms of access to capital, and many other things. It does not need to be at the expense of the rest of our economy. It strengthens the rest of our economy.

Lord Sikka (Lab): The Minister referred to £100 billion of tax from the finance industry. That is misleading, because it includes things such as the VAT collected by the finance industry, which is borne by customers; PAYE, which is borne by employees; and national insurance, part of which is also borne by employees. Surely that £100 billion number needs to be corrected.

Baroness Penn (Con): No, it is correct. The noble Lord seems to know how it is composed, so we are transparent in how that number is reached. I would like to make a little progress.

Baroness Bowles of Berkhamsted (LD): I am sorry, I know that the Minister keeps being interrupted, but maybe it should all come at once. She mentioned that the Bank of England had powers to intervene. I would be very interested to know what preventive powers she thinks the Bank of England could have used to intervene on LDI and leverage. It put it in its *Financial Stability Report*, but genuinely, I do not know what powers it has to intervene over something that is not covered by FiSMA. It is DWP and there is another regulator, yet it is causing a systemic glitch that could happen again.

Baroness Penn (Con): The noble Baroness is right that there is more than one regulator at play in this space. That point was also made by the noble Lord, Lord Davies of Brixton. If the noble Baroness will forgive me, I will come on to some actions taken after the 2018 stress test shortly.

The noble Lord, Lord Tunnicliffe, asked what the forthcoming Bill will do to promote financial stability. Allowing us to tailor our financial services regulation to the UK's situation and needs will mean that we can create the best regulation for our circumstances. In a world where financial services are evolving all the time, with new developments and technologies requiring regular changes, the measures in the Bill will mean that UK regulations can remain up to date and effective.

It is also the role of the Government to ensure that their own decisions lead to trust and confidence in our national finances. Our responsible approach to managing the economy meant that we went into Covid and the current economic crisis with strong public finances, allowing us to intervene to support people's lives and livelihoods. In that context it is important to acknowledge that, while well intended, the recent growth plan had unintended consequences for economic volatility.

Mistakes were made, and we have taken steps to fix them. Most of the tax measures in the growth plan have been reversed and the associated volatility dissipated. However, we are still faced with a profound economic crisis, with global inflationary pressures driven by increased demand post Covid, elevated energy prices after Putin's invasion, widespread labour shortages and, in response, central banks across many major economies raising interest rates.

My right honourable friend the Chancellor of the Exchequer has been clear that we will take the measures needed to restore confidence and trust in the UK's public finances and to deal effectively with the economic shocks that are being felt across the globe. In doing so there will be difficult decisions to take, but I hope that I can reassure the noble Lord, Lord Tunnick, and others, that in taking them, this Government will protect the needs of the most vulnerable.

Specifically on recent events, the FPC noted in its July *Financial Stability Report* that the worsening global economic outlook had caused markets to be volatile in recent months. Since July, global inflationary pressures have intensified further. Specifically on the intervention by the Bank of England, all noble Lords will be aware that in late September there was elevated uncertainty in the UK bond market that resulted in gilt yields rising rapidly and significantly. LDI funds, many of which held leveraged positions in the gilt market, faced significant margin calls as a result. In some cases, these calls exceeded the cash buffers that they held, forcing them to raise cash by selling gilts into a falling market. Large sales of gilts into an already illiquid market led to yields increasing even further, in turn triggering further margin calls and forcing further gilt sales to try to maintain solvency.

This would have led to a spiral of falling prices but increasing pressure to sell gilts, so, within its remit, on Wednesday 28 September, the Bank of England started temporary purchases of long-dated UK government bonds, with the aim of restoring orderly market conditions. In line with the Bank's statutory financial stability objective, the purpose of these operations was to act as a backstop to restore orderly market conditions and reduce any risks from contagion to credit conditions for UK households and businesses while the appropriate adjustment takes place. This operation was fully indemnified by the Treasury.

It is worth remembering that the Bank's intervention served to keep the gilt market stable so that funds had time to adjust their positions in line with the changed market conditions. The speed and scale of repricing far exceeded historical moves, and therefore fell outside the expectations of risk management plans or regulatory stress tests. Throughout the intervention, the Bank worked with LDI funds and pension schemes as they built their financial resilience ahead of it coming to an end. Market conditions have since improved. The Bank's usage of the scheme, at under £20 billion, was significantly below the maximum size permitted under its maximum daily auction size and below the increase in the indemnity provided by the Treasury. This stress in the LDI sector highlights the necessity of ensuring that the appropriate risk oversight and mitigation systems are in place for market-based finance.

I shall try to address the question asked by the noble Baroness, Lady Bowles, and the noble Lord, Lord Tunnick, about what has happened since the 2018 exercise that looked at this. Since then, the Bank of England has worked with other domestic regulators, including the Pensions Regulator and the FCA, on enhancing monitoring of the risks. That included working with the Pensions Regulator on a survey of DB pension schemes in 2019 and prompting work to improve pension liquidity risk management. As the FCA noted in its letter to the noble Lord, Lord Hollick, and my noble friend Lord Bridges in March this year, the FCA contacted the largest LDI fund managers to ask them what plans they had in place to deal with increased volatility. It also probed large managers on the speed with which they could call money from underlying pension funds in the event of stress.

In response to many noble Lords, including the noble Lords, Lord Sharkey, Lord Sikka and Lord Davies of Brixton, and the right reverend Prelate, the Government recognise that there will be lessons that need to be learned from the market volatility seen in recent weeks. The regulators are working with the industry to improve their resilience to market shocks, and it remains a focus of the Government and regulators to ensure that we have a robust regulatory system.

In addition to the ongoing monitoring of systemic risks by the FPC, His Majesty's Treasury and UK financial regulators have been working internationally as part of the Financial Stability Board, as I previously noted, to develop global approaches to identify and address vulnerabilities in market-based finance. The noble Lord, Lord Sikka, asked why we take a different approach to the regulation of banks versus non-banks in the financial system. Part of that is the international nature of the non-banking part of our financial system.

The Bank of England has also committed to working with the Pensions Regulator and the Financial Conduct Authority to ensure that appropriate levels of resilience are in place to mitigate risks to UK financial stability. As the Pensions Regulator chief executive emphasised earlier this month, DB pension schemes were not and are not at risk of collapse due to rapid movements in the price of gilts, and savers should not make any hasty decisions about their pension pots.

I turn to pensions. As I have just stressed, defined-benefit pensions remain strong, and members of those schemes that were invested in LDI funds are not at risk of losing out as a result of either the aforementioned volatility or interventions made by the Bank. Indeed, the independent Pensions Regulator issued a statement on 12 October for trustees of defined-benefit and defined-contribution schemes and their advisers, which communicated its expectations on matters for trustees to consider in relation to managing schemes and supporting savers.

The noble Lords, Lord Sharkey, Lord Best and Lord Campbell-Savours, and my noble friend Lord Young of Cookham, rightly mentioned the housing market, and I want to respond directly. The fact is that interest and mortgage rates have been rising since last autumn in response to global trends. This is not a UK phenomenon, with the US Federal Reserve having raised its base rate since March 2022 and the ECB

[BARONESS PENN]

taking similar steps. In the UK, around 75% of residential mortgages are on a fixed rate and therefore, in the short term, shielded from rate rises. However, I know that, for those on variable rights and those who are seeing their own fixed-rate deals coming to an end in forthcoming months, there will be significant concern. Where mortgage holders fall into financial difficulty, FCA guidance requires firms to offer tailored forbearance options. While it is important to note that the pricing of mortgages is a commercial decision for lenders in which the Government do not intervene, the Government do offer support through Support for Mortgage Interest loans for those in receipt of income-related benefits and protection in court through the pre-action protocol.

Similarly, the setting of rates is a commercial decision for private landlords in which the Government do not intervene. However, we understand that many people will be worried about the impact of rising prices. My noble friend Lord Young of Cookham spoke more broadly about the reform needed in the private rented sector in order to provide more security to tenants in that sector. I agreed with much of what he had to say. Indeed, the Government's programme of work to reform the private rented sector continues through, for example, our commitment to ban Section 21 no-fault evictions. We heard ideas from my noble friend Lord Young and the noble Lords, Lord Best and Lord Campbell-Savours, for other changes that we could potentially make in housing. I will take those back to the department and ensure that they are looked at carefully.

The noble Lord, Lord Sharkey, asked whether the local housing allowance would be uprated. He will know that, as part of our response to Covid, the rates of local housing allowance were increased significantly to the 30th percentile of the market, with 1.5 million households gaining just over £600 a year. We have maintained those rates at an elevated level last year and this year in order to ensure that claimants can continue to benefit from this. This is reviewed annually, and I will not comment further on the uprating of benefits.

More specifically, many noble Lords spoke about the difficulties that vulnerable people are facing this year with the rising cost of living. The Government absolutely recognise that and are focusing our support most heavily on those households. People are facing a difficult time. We have put in place an energy price guarantee and further support for those on income-related benefits, pensioners and those with disabilities. There is also discretionary support for local authorities to provide help in their local areas.

I am conscious of the time so I will begin to wrap up. Many noble Lords used this debate as an opportunity to look ahead to the Chancellor's Autumn Statement. I welcomed the constructive efforts by the noble Lord, Lord Liddle, to make suggestions not just about areas of spending that should be prioritised but about ideas for tax reform to help to fund them, which always needs to come alongside. I will only say to him, on his suggestion for equalised pension tax reform, that we have heard in this Chamber in recent weeks about the challenges of keeping GPs and others in their roles

because of the tax treatment of their public sector pensions, and the idea might perhaps be a bit more complicated than it may look at first sight.

Lord Bilimoria (CB): My Lords—

Baroness Penn (Con): I am afraid I am really short on time, so I will make some progress and finish.

As the Chancellor has said, and as I think the noble Lord, Lord Desai, and the noble Baroness, Lady Kramer, agree, stability is a pre-requisite for growth. It is vital for families across the country—from the jobs they depend on to mortgages they have to pay, and to savings for pensioners and businesses investing in the future—and vital for the Government's ability to borrow and invest in our economy.

The Chancellor will deliver his Autumn Statement on 17 November. Many noble Lords have asked me to speculate on its contents. They will know that I cannot, but I can say at this stage that the Prime Minister and the Chancellor are clear that the priority will be to ensure economic stability by setting out a concrete plan to get debt falling in the medium term. However, they are also clear about their priorities when taking the difficult decisions that this will necessarily entail: to support the most vulnerable and to drive growth to ensure that we have a strong economy by building jobs for the future—and our resilience to future shocks, too.

1.47 pm

Lord Sharkey (LD): My Lords, I thank the Minister for her response, much of which we will no doubt return to frequently. I also thank all other noble Lords for their contributions.

On 23 September, the day of the mini-Budget and the beginning of the period of extreme financial and political instability, Mark Carney was being interviewed by the *FT* in New York. In that interview, he pointed out that in 2016 the UK economy was 90% of the size of Germany's but in 2022, even before the crisis, it was less than 70%. We need to put this right but we must not do that by increasing the burden on the poor, the sick and the old.

Motion agreed.

Avian Influenza Statement

The following Statement was made in the House of Commons on Tuesday 1 November.

“With permission, I would like to make a Statement on the Government's response to the current avian influenza outbreaks. The Department for Environment, Food and Rural Affairs's avian influenza disease control measures aim to minimise the economic burden of the outbreak on the food, farming and tourism industries and on the wider economy while protecting public health. However, we recognise that the industry is under serious pressure. The UK Health Security Agency advises that the risk to public health from H5N1 remains very low, and the Food Standards Agency has said that there is no food safety risk for UK consumers. The strain is the European strain of H5N1.

Outbreaks of avian influenza in both kept and wild birds continue to occur on an unprecedented scale, with cases continuing to be confirmed into year 2 of the outbreak for the first time. October has seen a massive escalation in the number of cases confirmed, with 91 cases of highly pathogenic avian influenza confirmed in poultry and captive birds: 82 cases in England, four in Scotland, four in Wales and one in Northern Ireland. This compares with a total of 158 cases in the year between October 2021 and 30 September 2022 and with 26 cases in the winter of 2020-21.

We recognise the significant financial pressure that an outbreak of avian influenza can have on producers. Current rules are designed to encourage good biosecurity standards, and this remains a top priority. On Wednesday 26 October, to help producers to deal with the impacts of the UK's worst ever avian influenza outbreak, Defra confirmed changes to the avian influenza compensation scheme, which will be implemented in addition to a relaxation of rules for the sale of previously frozen seasonal poultry products. Farmers who breed turkeys, geese, ducks or capons for their meat will have the option to slaughter their flocks early and freeze products, which can then be defrosted and sold to consumers between 28 November and 31 December 2022. While we produce over 11 million turkeys in the UK every year and there is no immediate threat to the food supply chain as a result of current outbreak, this measure will help to mitigate any potential risks to the Christmas food supplies.

Work with the sector has shown that there has been too much uncertainty in the past about the entitlement to compensation in the event of a confirmed case of avian influenza outbreak, where healthy birds are culled to help disease control. We are therefore altering the operation of the existing compensation scheme for avian influenza to give earlier certainty about the entitlement to compensation. This will be linked to decisions taken at the start of planned culling, rather than at the end. It will also allow us to reflect the particular impact of this unprecedented outbreak. Earlier clarity about compensation should also lead to swifter payments to help with cash-flow pressures. We will be applying this approach from 1 October 2022.

Biosecurity is the essential defence against avian influenza, but despite it being a legal requirement in the avian influenza prevention zone in force and a baseline for industry assurance schemes, veterinary investigations at infected premises continue to reveal unacceptable lapses in biosecurity. It is essential that the industry play its part in helping to prevent further outbreaks. Mandatory housing measures for all poultry and captive birds are to be introduced to all areas of England from one minute past midnight on the morning of Monday 7 November, following a decision by the United Kingdom's Chief Veterinary Officer. The housing measures legally require all bird keepers to keep their birds housed and to follow stringent biosecurity measures to help to protect their flocks from the disease, regardless of type or size.

Finally, any future decisions on disease control measures, including the use of vaccination, will be based on the latest scientific, ornithological and veterinary advice. I urge all bird keepers, from those keeping large commercial flocks to those with one or two birds

in the back garden, to adopt the best practice biosecurity advice measures required in the avian influenza prevention zone. I commend this Statement to the House."

1.48 pm

Baroness Hayman of Ullock (Lab): My Lords, the UK is experiencing its most severe outbreak of avian influenza. Its persistence over the last year, coupled with soaring energy and feed costs, has put the British poultry sector under huge emotional and financial pressure. We welcome the Government's announcement that a full bird housing order will come into effect from next Monday, but that decision should have been made weeks ago. There has been a serious situation for months and the impact on producers is devastating, with over 3 million birds already culled, so why was this decision not taken earlier?

We recognise that the Government are offering farmers support, but concerns have been raised about whether the compensation scheme is fit for purpose. The Animal and Plant Health Agency's position is that compensation is paid for live birds not showing signs of disease at the time of culling. But delays to culling, through no fault of farmers, mean that there can be very few birds left alive by the time culling begins, with farmers then not receiving the compensation to which they should be entitled. Will the Government reconsider how compensation is being assessed so that it treats farmers fairly and provides vital financial protection?

I am sure the Minister recognises the significant impact on free-range poultry farmers. The loss of free-range status and subsequent change in labelling requirements causes significant cost and disruption to egg producers and the supply chain, while the prospect of repeatedly losing free-range status threatens the long-term resilience of the industry. The NFU has asked the Government whether they will review the legislation which provides a 16-week protection period for the marketing of free-range eggs when the government housing measures are imposed. The protection period has to be fit for purpose, so the NFU is asking that it should instead last for the duration of these housing measures. Will the Government consider this?

We also understand that the outbreak has spread much faster this year and that we are six weeks ahead of where we were at this time last year. Turkey and geese farmers have warned that if the situation is not resolved, we could face severe shortages over Christmas. Is the Minister able to reassure your Lordships' House on this matter?

Importantly, we must also consider the long-term approach and strategy to dealing with avian flu, because once this outbreak is over and we have moved on, it will inevitably return. On this note, I should like to ask the Minister about vaccines. Mark Spencer, the Minister in the other place, said in response to a question on Tuesday:

"The advice I have been given is that the current vaccines are not as effective against the current strain of European bird flu as we would have hoped"

and that

"because of trade deals, there is a challenge with vaccinated birds entering the food chain".—[*Official Report*, Commons, 1/11/22; col. 806.]

[BARONESS HAYMAN OF ULLOCK]

If the current vaccines are not effective enough, what government research is taking place or being planned to take place into vaccination? Currently, avian influenza vaccination is not permitted in the UK for commercial poultry, so we need to understand any trade implications of a prospective vaccination programme if we can find a suitable way forward.

As part of the strategy to tackle this disease, will the Government urgently increase investment into research and development to build knowledge and understanding about the potential use of vaccination and, importantly, prioritise international collaboration, as, clearly, this is not just a UK problem? We recognise the seriousness of this situation. I hope the Minister can provide a clear response on the way forward. I reassure him and the Government that any short and long-term measures needed to tackle this terrible disease will have our support.

Baroness Bakewell of Hardington Mandeville (LD):

My Lords, avian influenza is having a devastating effect on the poultry industry and wild bird populations. The epidemic first manifested itself in autumn 2021 when migratory birds started to arrive on our shores. Since then, it has spread and there are now some 91 infected premises in the UK. The vast majority are in East Anglia, the first stopping point for migratory birds, especially waterfowl. I am sure the Minister is as concerned as I am, not only about the effect on seasonal poultry producers but also on biodiversity in the wild bird population.

In the run-up to Christmas, those poultry breeders, especially free-range turkey farmers, will be particularly affected and worried about how they will manage. This is a key season for them, and they cannot easily recover the loss of income from this epidemic at another time of the year. Poultry farmers are grateful for the Government's change on compensation claiming, with it coming at the start of culling rather than the end. However, changes to the rate of payments starting from 1 October will not help those affected during August and September. Can the Minister say whether the Government are considering any help for these producers?

I, like others, welcome the measures for mandatory housing for poultry and captive birds starting next Monday. This should help to reduce the spread of disease but will nevertheless be a blow for free-range producers. The measures apply whether it is for one hen being kept in a garden or a large poultry business. The measures for mandatory housing are stringent and will incur extra costs for producers. Is there a grant scheme for producers to help with the cost of providing mandatory housing?

As with all animal epidemics, stringent biosecurity measures are essential whether for a small breeder or very large-scale poultry producer. As with the devastating foot and mouth epidemic in 2001, farm-gate foot baths, bedding and animal feed need scrupulous attention to ensure that they are not the cause of spreading infection. Only Defra avian influenza-approved disinfectants should be used.

Noble Lords will know that, if a breeder suspects that they have avian influenza in their flock, it is an offence not to report it to the Defra rural services

helpline. Can the Minister say what the penalty for the non-reporting of a suspected outbreak is likely to be? Does the Defra helpline have sufficient staff to answer all the calls they will be receiving?

I turn now to the Government's proposal to allow poultry farmers to slaughter their birds now before they become infected and freeze them. In particular I am thinking about turkeys in the run-up to Christmas. The proposal is that these birds, after slaughter and freezing, would be thawed and sold as free range rather than frozen birds. These thawed birds would be sold to consumers between 28 November and 31 December.

Since Brexit, there has been concern about sufficient numbers of vets and slaughtermen, who had previously come to the UK in the run-up to the Christmas season to help with the killing and preparation of turkeys. Can the Minister give reassurance that there will be sufficient staff at abattoirs to deal with this early slaughter of birds? I sympathise with the poultry industry and support measures to help it cope through this very difficult period. Equally, it is important to have a ready supply of qualified and competent staff to deal with the early influx of birds at abattoirs.

I am also extremely concerned that frozen birds are to be thawed and sold as free range—which, of course, they were before they were frozen. That is not the issue. The issue is that for years the advice has been that frozen poultry meat, once thawed, should not be refrozen unless it has first been cooked. Given the timeframe during which the thawed birds are to be sold, it is a fair assumption that consumers, seeing the birds for sale and knowing there may be a shortage, will buy what they need for Christmas early and take it home to put into their freezers, ready to take out a couple of days before they are due to be cooked.

In what way will these pre-frozen and thawed birds be labelled? Will the labelling make it clear that, although free-range, the birds have been frozen and thawed and should not be refrozen before being cooked and eaten? A "fresh" bird that has been purchased at the end of November or beginning of December is unlikely to keep in a domestic refrigerator until Christmas Day and still be fit for human consumption. Although the Government's solution appears to help solve the poultry farmers' problems, I am concerned about the health aspects of this for the population as a whole and am looking for the noble Lord's reassurance.

I turn briefly to how the epidemic is affecting wild birds. My colleague, my noble friend Lord Teverson, reports that the shores of Cornwall are littered with the carcasses of dead gannets, and no one is picking them up. This will not be a problem isolated to Cornwall: wherever wild and sea birds congregate in large numbers, there are likely to be large outbreaks of HPAI, resulting in the deaths of birds. What should happen to these carcasses?

Lastly, there are currently no restrictions on organised game-shooting activities. Can the Minister comment on this, please? Is he satisfied that sufficient biosecurity measures are being used on game shoots? I look forward to his comments on the effects of this epidemic.

The Minister of State, Department for Environment, Food and Rural Affairs (Lord Benyon) (Con): I am grateful for this opportunity to inform noble Lords about the very serious situation relating to avian influenza and all that we in Defra are doing, working with our colleagues in the devolved Governments.

The noble Baroness, Lady Hayman, asked why we did not impose the housing order sooner. We operate in line with the best advice we get. We Ministers are not experts; we operate on the advice of the chief vet and the Animal and Plant Health Agency, working with many other partners on this issue. We decided to impose the housing order for England. We talked to Scotland in the core group this morning; it decided not to impose a housing order because it believes that the protection zones can contain the outbreaks there. But we are proceeding with an England housing order on Monday, as the noble Baroness correctly pointed out.

The question of housing is important: it can improve the situation by a factor of about two. But good biosecurity can improve it by a factor of 44, which is why we are concentrating on biosecurity and working closely with the sectors to make sure that all keepers of poultry are adopting the best biosecurity they can, whether they are large industrial-scale poultry units or have small ornamental flocks. This also involves people accessing those units for whatever reason.

There is great concern about compensation. It was rightly pointed out that we are in consultation with the industry. Mark Spencer, the Farming Minister, and I had a meeting on Monday with all the representatives of the sector. That is in addition to the core group, which meets several times a week. We took forward their concerns, and one of the demands for the housing order came out of that meeting.

There is significant concern from the industry about the impact that rapid mortality caused by the current H5N1 strain—and the risk of escalating cases and numbers leading to substantial delays to culling—can have on the amount of compensation paid. In response to this, changes to the compensation scheme for avian influenza have been introduced, effective from 1 October. As the noble Baroness, Lady Bakewell, pointed out, compensation will be linked to decisions taken at the start, not the end, of planned culling. This will allow us to give earlier certainty about entitlement to compensation and better reflect the impact of outbreaks on premises, leading to swifter payments to help stem any cash-flow pressures.

The free-range issue is absolutely valid. Our current period for that is 16 weeks, and all matters are kept under regular review. I am happy to discuss this in more detail. Last winter, we developed a scheme which allowed eggs to be sold as “barn reared”. That was a simple process of putting a sticker over the “free range” sign, and it was accepted by the industry and by the consumer.

On turkeys for Christmas, around 10 million turkeys are eaten every year at Christmas. They are particularly susceptible to this disease, which is one reason why we brought in the frozen allowance, meaning that birds can be culled early, frozen and then defrosted. We are seeing an increasing number of turkeys falling prey to the disease. At the moment, we think that the situation

for Christmas turkeys is there or thereabouts okay, but I would not like to predict that there would not be some impact if it carried on at the current rate. Around 1 million birds have been culled or have died. That cannot not have an effect on the supply chain. It is a resilient supply chain, and alternatives can come from elsewhere, but we want to make sure that people are eating healthy, British-reared turkeys.

The situation on vaccination is important. Currently, two commercial avian influenza vaccines are authorised by the Veterinary Medicines Directorate for use in the UK. These vaccines are unlikely to provide full protection from the strains of highly pathogenic influenza such as HPAI currently circulating in wild birds in Europe and the UK. Only zoos or collections in England holding a current zoo licence can apply for an authorisation to vaccinate. Currently available vaccines have disadvantages in that, although they may be able to reduce mortality, it is possible that some vaccinated birds would still be capable of transmitting the disease if they became infected while not displaying the symptoms. This would increase the time taken to detect and eradicate the virus.

On future-proofing, I refer noble Lords to the precision breeding Bill. This will not cause a rapid change to our ability to have stocks of poultry and waterfowl that are resistant, but it may over a number of years be the sort of thing we should do to make us more resilient to such outbreaks.

The noble Baroness, Lady Bakewell, was absolutely right to talk about the impact on biodiversity. The most apparent impact has been on shore birds and waterfowl. I was looking the other day at Bass Rock, south of Edinburgh, which for centuries has been white because it is a nesting area for gannets and other seabirds. It is not white this year; you can see the rock colour. That is a stark reminder of the horrendous impact that this disease has had on wild birds. We are measuring biodiversity. We have a wild bird avian influenza strategy, through which we work with the British Trust for Ornithology, the RSPB and a great many other organisations to try to assess the impact it is having on populations. We have an established way of counting wild birds in this country, and we are working with those organisations to make sure we know what the impacts are and where we can find particularly resilient strains, which might lead to future work.

The noble Baroness asked what the penalty was for not reporting. I shall have to write to her on that, but she is absolutely right that it is an offence not to report. There is an incentive. That is why the compensation regulations regarding all farm animals and disease are created in a way that incentivises people to report as early as possible. She was right also to point out the impact on vets; I am sure that we will be questioned on that shortly. We are using the vets we have available at the HPA. We are surging those numbers as best we can and recruiting as many people as we can, but perhaps we will come on to that later.

On the question of game shoots, we are again working on the best evidence. At the moment, it is not considered to be a reason for the spread of the disease—it does not add to the risk—but we are monitoring this,

[LORD BENYON]

and we are absolutely confident that the prevalence of game in an area does not add to the risk of avian influenza in commercial flocks. That is one of the factors we are taking into the account; these matters are all under review.

2.09 pm

Baroness McIntosh of Pickering (Con): My Lords, I will pursue with my noble friend the Minister the question of what is happening in Scotland. There is deep unease that Scotland is not following the same measures as England. Will he keep this under review and use his best offices in that regard? The noble Baroness, Lady Bakewell of Hardington Mandeville, referred to the impact of migratory birds. How can we prevent the spread of wildfowl entering the system in future years?

Lord Benyon (Con): We have a devolved system of government, and the Scottish Government have this decision in their hands. They will be talking to the Scottish NFU, Scottish research establishments and other interests in Scotland while making their decision. As I said, we are consulting them on a regular basis. On my noble friend's second point, migratory birds are the reason this disease came to this country. It is a tragedy that is very hard to control because migratory birds are coming from all over Europe and beyond, and we now have the problem that the disease is within our own wild bird population. Whereas in the past it started to flare up at this time of year and more or less ended towards the end of February, it is now established in the kinds of species that I described earlier. All we can do is monitor this and see whether we can find areas of change. This is a flu—an influenza like many others—and, after a while, these viruses diminish in their effect, and great abilities to withstand their impacts start to occur. We must hope that this happens quickly. We are all united in this House in wanting this country to fulfil its desire to see no net loss of biodiversity by 2030, although factors like this make it more difficult. Nevertheless, these species can be extremely resilient: if we can get over this, their numbers can start to recover. I assure noble Lords that we are monitoring this carefully.

Lord Trees (CB): My Lords, first of all, I empathise with our farmers who are losing their flocks. It is most distressing for them, on top of the economic challenges they are facing with rising feed and energy costs. Following on from the remarks of the noble Baroness, Lady Hayman of Ullock, I ask the Minister: what support are the Government giving to the development of improved avian flu vaccines, which have deficiencies as he outlined, and to the development of tests that will differentiate vaccinated birds from naturally infected birds? With regard to trade, what discussions are we having internationally to encourage the adoption and acceptance of vaccinations? I will ask another question, so as not to disappoint the Minister: what steps are the Government taking to strengthen our veterinary workforce, particularly to facilitate the return of many EU vets to the UK to bolster our very hard-pressed veterinary workforce?

Lord Benyon (Con): On the emergency measures, we are concentrating absolutely on biosecurity. We are trying to ensure that we get to farms as quickly as possible: they are visited within 24 hours in all but a very few cases, which allows an assessment to be made on which birds are dead and which of those can result in the farmer being compensated. The number of vets is constantly under review. We have a shortage of vets in the Animal and Plant Health Agency, but we have surged those numbers by using vets from the wider population to try to assist us. Vets are on the Home Office's shortage occupation list, and therefore visas are available for them. However, the noble Lord will know that some EU vets are deterred from taking this route by the level 7 English language requirement to register as a vet in the UK. These matters are constantly under review with the Home Office. The noble Lord asked me specifically about vaccination. I made the point that we are concentrating on the emergency measures, but, looking forward, we will certainly want to see progress made on vaccination so that we can differentiate between vaccinated and non-vaccinated birds. That will alleviate the trade issue, which is the reason why we are not permitting vaccination at this stage.

The Lord Bishop of Exeter: My Lords, earlier this year, His Majesty's Government announced the establishment of a new flu map research project, which aims to help us better understand the transmission and spread of avian flu. Along with many others, I welcome the £1.5 million in funding by the Government, but in the light of the severity of this current outbreak, have the Government undertaken an assessment of the need for additional and further funding for this project, mindful of the fact that prevention is better than cure?

Lord Benyon (Con): The right reverend Prelate is absolutely right. Further to that, the previous but one Prime Minister made a commitment at UNGA—the United Nations General Assembly—that Britain will be part of an international effort to tackle zoonotic disease. This is a zoonotic disease although the risk to human health is described by experts as very low. Ultimately, it is the sort of thing for our new zoonotic research capabilities, working with other countries. We must be mindful that we are far from alone in this business. It is a very serious situation right across Europe, the United States and elsewhere. It is in the interest of all countries that we develop a response which deals with this in the long term. I am talking mainly today about the short-term issues that we are tackling but he is absolutely right to raise the matter of the funding that we have put in and the other measures that we are doing, working with countries around the world to make sure we are tackling this and other zoonotic diseases.

Earl Cathcart (Con): My Lords, I have 16,000 birds at my farm and the problem is the compensation. It is being paid only for birds that remain alive at the time of culling. We have heard of delays in culling because of vets et cetera so there could be very few birds still alive when the vet arrives. A producer had 10,000 birds and had lost all but 200 by the time the vets arrived so

there was no compensation for him. Will the Minister consider compensation being paid at the date the producer notifies the vets and not at the time when the vets arrive? This applies to the rules for foot and mouth, so why not make it the same time?

Lord Benyon (Con): I totally take my noble friend's point. We are talking about taxpayers' money here and are deeply sympathetic to farmers who have been hit by this but also have responsibility to make sure that compensation is fair. I am sure that my noble friend's flock is very well protected and that the systems of management there ensure that the chances of infection are very low. But that is not the case everywhere. The taxpayer will be forking out millions of pounds where there have been biosecurity breaches. I have seen some photographs and have had evidence of lamentable biosecurity measures in place in some really quite large poultry establishments, and of course that has had an effect on the outbreak. We have narrowed the time from notification to someone arriving and have changed the way that the compensation is applied. It is never going to be perfect. The problem we have here is that this is so highly pathogenic. The time from the first visual example of a bird having the disease to large numbers dying is very short. We are getting out there within 24 hours in nearly every case. We continue to try to speed that up, but my noble friend's experience in this matter is invaluable to the House.

Viscount Stansgate (Lab): My Lords, I ask a question about the longer term. The Statement said that

"any future decisions on disease control measures, including the use of vaccination, will be based on the latest scientific, ornithological and veterinary advice."

Is the Minister able to tell the House, especially in relation to the answer he gave to the noble Lord, Lord Trees, from which scientific organisations the department is intending to get the advice that it is seeking, and does it include the Royal Society itself?

Lord Benyon (Con): I do not know specifically, but I would be very surprised if it does not. Our chief scientific adviser, Professor Gideon Henderson, is a very renowned scientist; he ensures that we use the best and most rigorous scientific advice and that we use it properly. I am very happy to give the noble Viscount more details about how we are approaching the medium to longer-term solution in the areas that he raised. I can assure him that—while scientific advice does vary and, at certain points, it comes down to Ministers making a judgment call—the advice that I have seen on this has been pretty clear. We need to progress that, and I will certainly keep him informed and give more details about the areas of scientific advice that we are tapping into.

Lord Naseby (Con): My Lords, one of the most important things in life is communication. My noble friend on the Front Bench has gone into great detail, and I think the House also owes a tribute to the noble Baroness on the Opposition Front Bench. But, in today's world, we are not good at communication. I used to be in charge alongside the COI, and I say to my noble friend that the consumer needs to know what is happening. The consumer is at two ends. First,

there is the general public, who will be anxious; we can see now in some of the letters appearing in the national and regional press that people are confused. Will my noble friend pay particular attention to that area? Secondly, there are the retailers, wholesalers, direct sellers and so on. Finally, we have wonderful veterinary schools in this country. They have excellent students. This is a wonderful case history, in a sense, in which all those students can get involved between now and Christmas.

Lord Benyon (Con): My noble friend is absolutely right to raise the importance of keeping people informed. In fact, it works both ways: members of the public are keeping us informed—often through NGOs, but also directly—in particular about the impact on wild birds. Defra and the Government keep consumers and customers informed directly through social media and other media announcements. We also work through retailers; they give us information and we give them information. I should say that there is a well-established method in England and Wales of reporting sick birds that are discovered. They can be reported to the RSPCA—and similarly in Scotland to the SSPCA—which will give advice and will euthanise wild birds that are sick. Single dead birds, birds of prey or three or more of any species can be rung through to the Defra helpline, which is on our website.

In terms of consumers and what they are going to eat, we will be keeping them informed, but there is absolutely no need for people to rush out and panic buy. This is a very resilient supply chain and we are talking to retailers and others regularly and keeping them informed as well.

On vet schools, thanks to the noble Lord, Lord Trees, and others, we have developed new vet schools. We have more veterinary surgeons coming into the system and we want to make sure that they are coming into government work as well as the private sector and private practice. We particularly want to encourage them into the large animal sector and this area as well. It is a constant problem, but we are trying to resolve it.

Baroness Bennett of Manor Castle (GP): My Lords, I am sure the Minister is aware that, in the past 50 years, the global population of domestic poultry has multiplied by six, from 5.7 billion to 36 billion, representing 70% of the avian biomass on this planet. That is a large reservoir, connected by trade, for disease to flourish, which inevitably spills over into wild populations, as we are seeing here. We know that this avian flu originated in a domestic population. The noble Lord may be aware of the editorial last month in the journal *Science*, which said this avian flu outbreak should be regarded as

"a warning, with devastating consequences if not heeded".

There is also African swine flu spreading over into wild populations and mycoplasma gallisepticum in finches and other wild birds in North America. The authors argue that we need to see reduced livestock numbers, reduced density on farms, limited movement of livestock and, in middle and higher-income countries, movement to plant-based protein sources. Does the Minister agree that there is a systematic issue with factory farming, which represents an unacceptable risk to human and environmental health?

Lord Benyon (Con): We have very high animal welfare standards here, as seen in the removal of battery cages, and have worked faster than other countries in Europe and elsewhere to improve those factors. The point lying behind the question of the noble Baroness is that, when my grandparents were alive, chicken was a luxury item that one had relatively rarely. In many cases, it was reared on the premises. It has now become the staple diet of large populations right around the world. In a way, the market has responded to that. I am not saying that complications have not arisen, but the recent drive by retailers for free-range eggs has seen an enormous increase in egg producers in areas such as the Wye Valley, which is starting to have an impact on the natural environment.

The Government have to try to foresee all these things and then bring in measures, whether in planning, the right incentives, regulation or laws. The noble Baroness asks a perhaps more philosophical, societal question; we need to tackle it as best as Governments can, but people want to and like eating chicken and eggs. There are a lot more people around than there were when my grandparents were alive. We have to feed a hungry world, but we have to do so sustainably and mindful of the impacts of disease and on the natural environment.

Lord Randall of Uxbridge (Con): My Lords, this is a terrible disease; my sympathy goes out to the producers and so forth. I declare my interest as a council member of the Royal Society for the Protection of Birds and other conservation interests. I was very heartened to hear of the involvement of the British Trust for Ornithology and the RSPB. It is not just gannets; the world population of great skuas is severely at risk. My noble friend may recall that there was some talk of setting up a task force specifically to look at the conservation impacts of this disease.

On game bird releases, while I agree with my noble friend that current shoots will not spread it, I wonder whether we should have done something a bit earlier. If this horrible disease is still so present this time next year, will game bird releases be stopped as they would be now under the housing orders?

Lord Benyon (Con): I assure my noble friend that there is a sort of task force already in place. Defra and the devolved Administrations, working with the Animal and Plant Health Agency, Natural England, NatureScot, the Joint Nature Conservation Committee and non-governmental organisations such as the RSPB and the British Trust for Ornithology, are monitoring and responding to the effects of avian influenza on wild birds. We produced our *Mitigation Strategy for Avian Influenza in Wild Birds in England and Wales*, which sets out practical guidance to support land managers, the public, ornithologists and NGOs in England and Wales in their response to the growing threat of avian influenza to wild birds—how they can report it and what measures they can take.

On the other matter, I repeat what I have said. We will keep these factors under observation, but we must remember that, if we bring in measures against one sector, we have to make them consistent. Are we going to ban everyone from walking on a footpath, because

carrying the faecal matter of an infected bird on your boots to another part of the countryside could spread it just as badly? We need to be really clear about the impact this could have on the rural economy and the important work many people do for nature conservation, such as gamekeepers, who keep numbers of wild birds vibrant in those areas. We want to make sure we do not cause unseen problems but take proportionate measures on the basis of scientific evidence.

Ambulances

Question for Short Debate

2.30 pm

Asked by **The Lord Bishop of London**

To ask His Majesty's Government what progress they are making on ensuring swift ambulance handovers, as set out in *Our Plan for Patients*, published on 22 September, given the decision of ambulance workers across 11 trusts to ballot for strike action.

The Lord Bishop of London: My Lords, I start by saying how grateful I am to your Lordships' House for setting time aside for what I think is an important and timely debate. I am also grateful for the briefing from the House of Lords Library.

Last week, the GMB union announced that it was balloting ambulance workers over strike action across 11 trusts in what would be the biggest ambulance workers' strike for 30 years. I think it would be wise to ask ourselves what has happened across the whole system to bring us to this point. Ambulance handover delays are an increasing issue across the trusts in England. The NHS contract for this year sets out that 90% of handovers should take place within 30 minutes and 65% within 15. However, the Association of Ambulance Chief Executives notes 40,000 cases of patients waiting longer than an hour for handover—this was recorded this year and is the third-highest volume on record.

Long handover delays increase the risk of harm to patients while they are in ambulances. The NHS Confederation says that eight out of 10 patients who were delayed beyond 60 minutes were assessed as having had an experience that had potentially harmed them, and nearly one in 10 experienced severe harm as a result. The number of ambulances waiting to transfer their patients also impacts on the availability of ambulances, and the response times therefore increase. This in turn risks increasing further harm to those who are waiting for an ambulance in the community. Florence Nightingale famously once said that hospitals should do no harm. It is a sentiment that I believe is appropriate to the wider healthcare system. The healthcare system should do no harm.

Delays in handover also cause extreme anxiety for patients and families at a time when they are often very distressed. To be honest, waiting in an ambulance in this way is not how we should be treating people who have an inherent dignity. Long handovers are also putting pressure on staff and services right across the

board. The Care Quality Commission's annual report *State of Care* highlights the impact of waiting for handover on ambulance workers themselves. They cannot respond to incidents in the community. There may be a higher pressure on all staff involved, including call handlers who are trying to manage people who are repeatedly re-calling to check the status of their ambulance.

In addition to this, some ambulance workers are missing breaks and finishing their shifts late because they are required to stay with their patients as they wait to hand them over. These services function because people are working hard, even if they are not getting the resources that are required and the support they should be getting. The truth is that we cannot expect them to keep doing this.

The plan for patients set out by the former Secretary of State for Health and Social Care promised a "laser-like focus" on ambulance handover times. However, the plan that was set out lacked detail and made no headway in addressing the issue of workforce sustainability or retention. Will the Minister tell us when we can expect a workforce strategy to be published? A workforce strategy is key to any attempt to address this issue, which of course is one of the major issues facing the NHS and social care at this time.

The issue of ambulance handovers is one that gets to the heart of so many difficult issues which are within the health and social care sector. The NHS Confederation analysis of ambulance handovers states:

"Ambulance handover delays are not an ambulance issue, they are a whole-system issue and require a whole-system response."

Some of the other issues that sit within the whole system are those we have discussed very recently in this House. They include, for example, the difficulty that people face in making a GP appointment. If you are unable to make a GP appointment, it may delay the time that you present, and therefore you become sicker. If you fail to be able to make a GP appointment, it may exacerbate the numbers of people who come to A&E.

There is also the significant issue of discharge into social care. The £500 million adult social care funding, announced by the then Secretary of State for Health and Social Care, was intended to assist with this. However, Matthew Taylor of the NHS Confederation has written to the Secretary of State, Steve Barclay, to say:

"Leaders across the NHS and local authorities are yet to see a single penny of this investment and any official detail on how it will be allocated".

Change does not come quickly. Therefore, having the detail of this money and how it is to be allocated is important if we are going to avert a crisis this winter.

Furthermore, we have yet to understand whether this is not just an absorption of the health and social care levy repeal. As we discovered during the short passage of the Health and Social Care Levy (Repeal) Bill, the general budget is absorbing the loss of the tax increase so that the overall funding level for the health and social care sector does not change. Is it possible that this new £500 million for adult social care discharge fund is not new money, but is contributing to the absorption of the cut in the levy? I wonder whether the Minister could write to confirm the position.

I am sure noble Lords are aware that I have a particular concern for health inequalities. These inequalities are showing themselves in this area as well. The Care and Quality Commission annual report states that those living in the most deprived areas are likely to be more severely impacted by ambulance delays. It goes on to discuss the role of the ambulance service in meeting the needs of people caused by other failings across the sector:

"Anecdotal evidence ... suggests that, traditionally, the ambulance service has fulfilled an informal role in helping people from deprived communities to navigate the health system".

I have been fortunate recently to chair the Health Inequalities Action Group, which published its report last month. The report notes some of the barriers that both faith groups and healthcare workers face in engaging with each other, and the impact that would be possible with more constructive engagement, and the effect on reducing health inequalities. There is much work to be done to ensure that the more hidden groups, such as those known and represented by faith groups, can access the full benefit of healthcare available. If undertaken, this type of work will reduce pressure on the NHS, which, as a former Chief Nursing Officer for the Government, I feel is in crisis. This type of work, reducing health inequalities between healthcare and faith care workers, could also be part of a whole-system approach.

Ambulance handovers must be improved. However, without a workforce that is valued, supported and listened to, it is difficult to see how this is possible. In some ways, it is unsurprising that this balloting on action is being undertaken. According to the GMB acting national secretary, a third of ambulance workers think that a delay they have been involved with has led to a death. Can you imagine the impact that has on the well-being of healthcare and ambulance workers? Healthcare workers are also experiencing the cost of living crisis.

To draw to a close, what assessment have the Government made of the impact of ambulance waiting times on the loss of staff, and the loss of staff on ambulance waiting times? This will be the biggest ambulance workers' strike for 30 years if it goes ahead, and this workforce is not in isolation. Last week, there was a further announcement of strikes across the NHS from UNISON. Yesterday, the Royal College of Nursing closed its UK-wide ballot for the first time for strike action in 106 years. The Royal College of Midwives and the Chartered Society of Physiotherapy are also balloting on strike action. It cannot be overstated how serious this is, not just for patients or our health but for the economic recovery of this country. This is a whole-systems problem which requires a whole-systems solution. I look forward to the contributions of other noble Lords and to the Minister's response.

2.41 pm

Baroness Brinton (LD): My Lords, I declare my interest as a vice-president of the Local Government Association. I congratulate the right reverend Prelate the Bishop of London on securing this important debate and thank her for her thoughtful and knowledgeable introduction. I also echo her thanks to the House of Lords Library for its briefing and the

[BARONESS BRINTON]

Royal College of Nursing. It is important that we start by paying tribute to our ambulance and paramedic staff and, obviously, ambulance call handlers—as well as 111 staff, who may not automatically come into that category but are also fulfilling a very important role. All are doing the absolute best they can, despite the current circumstances. We owe them an enormous debt of gratitude.

We have had regular debates, Questions and Statements on the problems in our ambulance services for over a year now; everyone recognises that they are at breaking point. Record long ambulance waits are leaving vulnerable patients stuck outside hospitals waiting for the treatment they need. This debate rightly focuses on the part of the crisis that is very visible to everyone—ambulances queuing outside hospitals and delays in response times and handovers because A&E is full—and refers to the Government's plan for patients.

I refer to the plan for patients because we have debated it within the last few weeks in your Lordships' House, and most people recognise, as the plan does, that delays in the ambulance service are part of a larger problem—a “whole-systems problem” was the phrase I think the right reverend Prelate used. I will return to the detail of the plan later, but I start with some of the problems facing the ambulance service and its staff.

National standards set in 2017 said that calls are triaged into four categories depending on urgency and that all ambulance trusts must respond to 90% of category 3 calls within two hours and category 4 calls within three hours. I raise that because the targets for those categories have changed—they have lengthened.

Nationally, average ambulance wait times have more than doubled in the last two years. The British Heart Foundation, in a report published today, said that in September, average response times for category 2 calls—that is, suspected heart attacks and strokes—was 48 minutes, against the new target, set in spring this year, of 18 minutes. It used to be eight minutes before that.

I want to make a further point on category 1 and category 2 response times, because they also affect handover times and what is happening in A&E. For most levels of injury and illness, both category 1 and 2, there is what is known as the “golden hour” in which treatment must be started, particularly for strokes and suspected heart attacks. Strokes were moved into category 2 after paramedics started to be allowed to administer anti-clotting medication en route to hospital but, even with that extra time, you have to add on the queuing for hospitals. So, despite our talking about the waiting times for responses and the delays to handovers, that golden hour is constantly being eroded.

The Library briefing, to which the right reverend Prelate referred, made it plain that the situation continues to worsen. Ambulance handover delays are almost entirely caused by crowding in A&E, and that is why the plan for patients that the Government produced was discussed so heavily in your Lordships' House. Part of the problem is that a lot of that is work that will happen in the future, not now. I want to ask the Minister what plans there are to upgrade the plan for patients, given the current crisis, because it is clear that this is unsustainable.

Today, a report in the *Times* on the British Heart Foundation report said that

“there had been 30,000 ‘excess’ deaths involving heart disease in England since the beginning of the pandemic.”

There is an absolute understanding that some of those are definitely due to ambulance delays. In fact, our papers are absolutely full of those reports and have been for the past six months.

The logjam could be described best in A&E as “beds and backlog”—and then there is care as well. The NHS Confederation helpfully identifies the problems of discharge and lack of capacity in the social care sector and has repeatedly, over the last year, asked the Government to help social care. Social care vacancies increased to 165,000 in July. That is a shocking increase of over 50% on the previous year, and the figure continues to rise.

It is increasingly difficult for disabled people who rely on personal assistants to recruit them. In your Lordships' House, the noble Baronesses, Lady Campbell of Surbiton and Lady Thomas of Winchester, have repeatedly raised this. The same is true for people who need domiciliary care—that is, care in people's homes—to keep them at home. It is increasingly difficult to recruit people to do that job. A key plank of the plan for patients is getting people home and keeping them there but that will not work without carers.

The consequences of Brexit are writ large in this sector. We know that the Government are trying to recruit from overseas, but we lost a stable workforce who returned home to Europe from the UK and have not, despite the problems of the pandemic, returned, even though they have been asked. The issue of delayed discharges therefore remains. I ask the Minister: what else on top of what was set out in the plan for patients will the Government introduce as a matter of urgency?

The broader problems in the NHS are also causing problems. From these Benches, we have highlighted for years the shortage of hospital beds compared to other OECD countries, which shows the UK at 2.3 beds per 1,000 of the population, compared to France at 5.7 and Germany at 12.6. It was a mistake to cut so many beds, especially without planning for and investing in primary care—not just GPs but all primary care healthcare professional staff and their support staff.

In August, when we were all on holiday, the Secretary of State announced that the Government would create the equivalent of 7,000 more beds through a mixture of new hospital beds, “virtual ward” spaces and initiatives to improve patient flow over the coming months. I have repeatedly asked Ministers for breakdowns of how many beds are in each of the various categories, but I still have not had an answer. There is a big difference between a bed, a virtual bed in somebody's home, even with remote monitoring, and initiatives to improve patient flow—I am not quite sure how the latter equates to beds. It has been three months since this announcement, and we are already facing a rise in flu and other winter problems. Can the Minister please tell your Lordships' House what that breakdown is and how many beds are in place? Specifically—I have asked him this before—can he say how many are virtual beds, because extra support is required in primary care to make those work? Will the Government undertake

to fund more extra beds to stop handover delays at A&E and the backlog that goes right the way through the system?

I was very pleased to hear the right reverend Prelate refer to the importance of a workforce plan. We absolutely echo that from these Benches and have asked for one repeatedly, including during the passage of the Health and Care Bill earlier this year. This is not just about doctors and nurses, which the plan for patients relies on; it is also about other vital health care professionals such as physios, occupational therapists and speech and language therapists.

The plan for patients talks about more independent qualified prescribers in community pharmacies. This is essential to help reduce the burden on GPs. Exactly when will there be the promised increase in the number of independent qualified prescribers within community pharmacies? Will any long-term plans for providing finance and support for training and recruitment be brought forward? The plan for patients covers next year, but it is this winter that we have the problem. Above all, we need that workforce strategy.

My honourable friend Daisy Cooper MP said that Ministers should not lay the blame for these scandalous handover delays at the door of the NHS. To stop such delays, the Government need to fund the extra beds in A&E and properly fund social care. Hospitals are now running food banks for staff and staff cannot get to work because they cannot afford petrol for their cars. This is one of the reasons why staff are so concerned. This is not just about NHS staff possibly going on strike; this is an NHS cost of living strike. I hope the Minister can answer my questions.

2.52 pm

Baroness Merron (Lab): My Lords, I am glad to follow the noble Baroness, Lady Brinton, and I thank the right reverend Prelate for bringing not just this debate but great clarity to the issues it deals with.

In my view, the NHS faces what can only be described as a perfect storm in the making—except perfect it is not. The situation is absolutely dire and has been for many years; this is not a new problem. We have heard many times in your Lordships' House about the well-documented challenges of getting an ambulance in an emergency. These challenges have served only to undermine the profound trust that the public ought to have in the National Health Service. In August alone, the Association of Ambulance Chief Executives estimated that around 35,000 patients were potentially at risk of harm as a result of long handover delays, with just under 4,000 of these experiencing potentially severe harm. There is no doubt that delay is the enemy of good care and safety.

As we have heard, delayed handovers are not just damaging in themselves. They result in poorer ambulance response times, as ambulances sit queueing outside A&E departments and cannot therefore get to patients waiting in the community. This increases pressure on not only clinical staff but ambulance call handlers, as the right reverend Prelate said, as distressed patients and their families call to get updates on their wait time, leading to thousands of duplicate calls and placing ever more pressure on ambulance services.

This situation now has all the potential to get even worse, with ambulance workers in 11 trusts balloting for strike action. If it does go ahead, it will be the biggest strike in that sector for some 30 years, which is surely nothing short of a disgrace. Union leaders have said that this is as much about patient safety as pay—and of course, when we talk about pay, we are doing so in the midst of a cost of living crisis. The right reverend Prelate asked the question: what has brought us to this point? I hope the Minister will reflect on that and perhaps give a view on it today to your Lordships' House.

The general secretary of Unison, Christina McAnea, has said:

“Striking is the last thing dedicated health workers want to do. But with services in such a dire state, and staff struggling to deliver for patients with fewer colleagues than ever, many feel like the end of the road has been reached.”

Recently, the Minister advised nurses considering strike action to regard their work as a vocation. Can he give his view today on ambulance workers who are considering whether to go on strike? Indeed, can he give his views on the widespread balloting for strikes across the National Health Service, the factors he considers have led to this unrest, and whether they could have been avoided?

The Royal College of Emergency Medicine is clear that crowded hospitals is the operational issue stopping A&E doctors treating patients effectively and efficiently. As we know, high volumes of A&E attendances lead to overcrowding, rising pressure on services and a poorer experience for patients. Between April 2021 and March 2022, there were 24.4 million attendances at A&E across England, compared with 21.5 million in 2011-12. What assessment has been made of the reason for that increase, and could it have been avoided by taking action in other parts of the NHS, including on GP access?

It is fair to say that people desperately want to see an increase in the number of social care staff and beds, but perhaps it will be helpful if I emphasise that we are talking not just about beds but staffed beds, an increase in which would relieve the pressure. I add my voice to those of the right reverend Prelate and the noble Baroness, Lady Brinton, in asking a question that has been asked on so many occasions in your Lordships' House: where is the workforce plan to deliver this increase in staff in the short, medium and long term? All of this is desperately needed.

Perhaps I may offer a helpful suggestion to the Minister: that the Government publish monthly the data, which is already being collected, showing the number of patients waiting two hours or more from the moment they step into the hospital, rather than simply when the doctor decides to admit them. It would be hugely helpful and give a much more accurate picture of patients' actual experience in the accident and emergency department. Can the Minister take this up with his officials?

From Secretary of State Stephen Barclay saying that ambulance delays were a priority to Thérèse Coffey's short-lived “ABCD” plan for patients, and now back to Stephen Barclay, it is fair to say that the sector is crying out for stability. Will the Minister

[BARONESS MERRON]

indicate whether the plan for patients is still valid? Perhaps he might feel able to tell your Lordships' House whether the new ministerial team have reviewed it and, if so, whether the Minister and his colleagues feel that the plan is sufficiently ambitious. It would be helpful for your Lordships' House to have an update on this plan.

In my recent meeting with the Minister, for which I am grateful, he indicated that there are some 15 problem trusts that are especially struggling with ambulance delays. It would be helpful to receive an update on where the department's work is on this and how lessons might be learned across the system, and for your Lordships' House to know what action will be taken.

As we approach winter, what forecasting has been done on how the delays in these 15 trusts are likely to develop or change, and what will be done to avert the potential pressure of Covid and flu on these delays? I again emphasise the points about the £500 million adult social care discharge fund. Reports are that it is yet to be released to the health and social care system. Can the Minister say whether this is the case? If it is, why, and what is to be done?

Finally, what assessment have the UK Government made of the impact of current nursing vacancy rates on patient safety and emergency care? If an assessment has been made, can we have a publication of the modelling that has been done? Has there been a cost-benefit analysis of current spend on agency and international staff versus investing in recruitment and retention within our domestic workforce? As the right reverend Prelate said, this is not just about ambulances. This is a whole-system problem. I hope that the debate today will encourage the Minister to see it as such.

3.01 pm

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Markham) (Con): My Lords, I am pleased to respond to this short debate. I reassure the right reverend Prelate the Bishop of London that ambulances are an utmost priority for this Government. We are absolutely committed to supporting the ambulance service to ensure that people receive the treatment that they need when they need it. However, as many noble Lords have noted, our ambulance services have faced unprecedented pressure since the pandemic, so I totally agree with the point that this is a whole-system issue, as the right reverend Prelate and the noble Baroness, Lady Merron, mentioned, and a "beds and backlog" issue, as the noble Baroness, Lady Brinton, mentioned. We all have similar variants on that. The plan for patients is still valid and is being reviewed by the current team. It is always being worked on and updated.

To directly address the point of the whole-system issue, or flow, some work that I have done has shown that the biggest predictor of ambulance wait times and handover times is bed occupancy. We all know that bed occupancy, which can be as high as 95%, with about 10% of our beds being taken up by Covid, is very much the issue. That is the first priority. Obviously, the Covid and flu vaccination programmes are important parts of that, but the £500 million adult social care fund to remove the 13% of bed blocking is vital to this.

I assure all the speakers who have mentioned it that the question of how the spend is allocated has been the subject of much debate, because we want to make sure that it really is targeted in the right place. Again, as a data hound, I wanted to make sure that we really were spending it in the best place. How it is spent now has been agreed, and that should be seen very quickly in the system.

The other issue regarding bed occupancy is, as the noble Baroness, Lady Brinton, mentioned, the 7,000 new beds. I am a big believer in the use of virtual wards, but I will get that breakdown so that we understand exactly what that situation is. I have been very much at the forefront of making sure that those 7,000 beds are targeted at the areas of most need, which is vital in all of this.

I think we all agree that dealing with the flow to create the space for A&E patients is the central issue. Primary care is a part of it too. That is why the 50 million increase in appointments is a vital part, as mentioned by the right reverend Prelate the Bishop of London and the noble Baronesses, Lady Merron and Lady Brinton. I will get the specific information on pharmacies as well.

On the workforce plan, work is being done on that right now. We are working from the 2020 NHS People Plan, and I will update the House as we get more information.

Central to the whole issue of ambulance handovers is, as I like to call it, the flow—the whole-system issue. It is only when we resolve bed occupancy and the flow into adult social care that we will have the free flow through the whole system and the reduction in handover times.

Response times were brought up by all the speakers. A lot of that is about managing the calls to achieve the right outcome. Yes, it means more call handlers, as was pointed out, so we are increasing the number of 999 call handlers to 2,500 and 111 call handlers to 4,800. I take the point made by the noble Baroness, Lady Brinton, about paying tribute to the work they are doing and the impact they make.

It is also about making sure that the call is navigated correctly. I was made aware of the fact—maybe this was known already—that 50% of 999 calls do not result in a conveyance to hospital. That says to me that there is a lot more we should be doing to help people in their home, such as picking up people from a fall and making sure that we go out quickly to their care homes. The thought is: in those instances, is an ambulance staffed with three people the best sort of response vehicle when someone needs help being put back on their feet? Maybe that is a much better place for us to use quick-response paramedic motorcycle-type people. This is very much at the top of our agenda. It is something that I was speaking to the NHS chair about just this week and something that I am going to do personally in terms of visits.

On the use of 111, unfortunately I had experience of that this week when my four year-old son was up all night throwing up and I was a distressed parent. My wife, like any mother would, was saying, "Should we be taking him to hospital? Should we be ringing 999?" We called 111 between midnight and 1 am. It took me

a while to get through, so I am not saying it was a perfect experience, but when I spoke to them and they were able to put me in touch with a local doctor who could support me and get us through, that was key to helping us and stopped us going into A&E or clogging up 999.

Having the right people to deal with the problem in the right way is the best approach. It ensures that when there is an absolute emergency and you are into your golden hour, so to speak, the focus is really on having the right people. I shall not pretend that we have got it all right now but, believe me, it is very much at the top of the agenda. The investment in the ambulance fleet—we are talking about £20 million per year—is about making sure that we have the right type of vehicles to sort out the right situation, while ensuring that this is all overseen by a national ambulance co-ordination centre so that we really are responding in the correct way to each type of call and triaging, as mentioned.

I have mentioned the 15 trusts and 45% delays before; these were also mentioned by the noble Baroness, Lady Merron. I am very much into what the action plan is to address each of those. It is at the top of my agenda when I meet my NHS colleagues and I will give an update on where we are with that plan and our actions. To me, that is all part of an exercise to identify best practice and then roll it out across the system. As part of that, we have just kicked off a winter improvement collaboration programme that is about trying to identify those best practices and roll them out. That is the £450 million fund we are using; we have already used it to fund 120 trusts to create capacity in the system, such as in Leicester, north Bristol and Grimsby, so that we have those wait areas and can increase the capacity in the system. I am personally visiting some of the new system control centres in Maidstone next week, so that we can see what good really looks like and ensure that we are managing it as well as possible.

In addition, within the ambulance services themselves, we have put £150 million of increased funding into the system for these measures. It includes a lot of support, because a lot of these calls are from people who have mental health issues, so making sure that we have mental health-trained paramedics is a key part of this as well. These are all parts of the plan for patients, which is very much alive in all of this. However, as mentioned in the Question of the right reverend Prelate the Bishop of London and by the noble Baroness, Lady Merron, industrial action will clearly have an impact on everything we are trying to do here.

I note at this point that we have made the pay increases recommended by the pay review body at all points but I accept that if people are balloting to strike, there are clearly things we need to understand about why they feel the need to do that. It is premature to predict the outcome of the ballot at this time. We know that there is a range of options on the ballot, be it strike, work to rule or no strike, across three unions nationally and regionally. We are working on a number of contingency plans but, until we know the exact shape it will take, we cannot put those in place. Public and patient safety will come first and foremost; I know that is a view the ambulance staff share, which again is

a point made by the noble Baroness, Lady Merron. When the ballot results are known, the NHS will sit down with the unions and staff to agree an approach with this in mind. They will agree the safe level of cover, which is foremost in all our minds, and then deploy our contingency plans around this safe level.

I hope I have managed to cover most of the points raised before I run out of time and sum up. Again, I will go over my notes to make sure that I follow up on any points I may have missed. I accept that this is an issue of key focus. I hope that the plans I have gone through this afternoon give a sense of what we are doing in this vital area. First and foremost, it is the whole-system issue, as mentioned by all the speakers today.

We recognise the pressures that the ambulance service and the wider NHS are facing. We continue to work closely with NHS England to ensure that patients receive the help they need when they need it. With that, I once again pay tribute to the right reverend Prelate the Bishop of London for securing this important debate. I know that we have a meeting soon, where I look forward to discussing this further.

Public Service Broadcasting: BBC Centenary

Motion to Take Note

3.13 pm

Moved by Lord Foster of Bath

That this House takes note of the future of public service broadcasting, in the year of the British Broadcasting Corporation's centenary.

Lord Foster of Bath (LD): My Lords, I begin by congratulating the Minister on his re-emergence, which is just in time to celebrate the 100th anniversary of daily broadcasting on the BBC. If, using the TARDIS from “Doctor Who”, Lord Reith could travel to a modern home, he would be amazed by flatscreen TVs, computers and smart speakers, which are all capable of delivering some or all of the BBC's output. This now includes nine TV channels, 10 national radio stations and a network of local radio stations, a huge web presence and a large archive of programmes—all readily available for just 44p per day.

He would be equally amazed to learn that what he knew as the Empire Service now delivers reliable and trusted international news and other programming in more than 40 languages, projecting soft power around the world. He would be amazed to hear that BBC services reach 492 million people a week, making it the world's largest broadcaster by reach. He would be impressed by the BBC's contribution to our world-beating creative industries through investment, skills, training and, not least, BBC-led innovations such as iPlayer, which trailblazed for the global streamers and the creation of a new market for video on demand.

Reith would also see, with Bitesize, CBeebies, “Panorama”, “Frozen Planet”, “Strictly Come Dancing” and the “BBC Proms”, that the principles of “inform, educate and entertain” remain, as does the power to

[LORD FOSTER OF BATH]

show us what it is to be part of the United Kingdom and to bring people together, as it did during the Queen's funeral. He would be proud to learn that many believe that the BBC is the best and most trusted broadcaster in the world. It is probably our best gift to the world. Even rivals are complimentary. Netflix, for example, has said:

"The impact that the BBC has had over the last few decades in building the profile of the UK creatively, in nurturing talent, its investment in production and so forth".

Reith would also learn that we now have other public service broadcasters. We have ITV, STV, UTV, S4C, Channel 5 and Channel 4, which had its 40th anniversary just yesterday. I note that as part of Channel 4's celebrations it has guest presenters for its longest-running show, "Countdown", and my noble friend Lady Benjamin in the hot seat this week.

However, with much to marvel at, Reith would also learn, in true "Doctor Who" style, that there are enemies incoming and PSB problems are multiplying. For example, take the Government's attitude to the BBC. On these Benches, as critical friends, we support a strong, well-funded and independent BBC and oppose attempts to undermine it by seeking to reduce its funding or remit. Yet, we have seen sadly moves by the Conservative Government that have meant the BBC having to do more with less licence fee income. There has been a 30% cut over the past 12 years following the freeze on the licence fee from 2010. There are also rising production costs and new obligations such as funding free licences for the over-75s—a social policy that should be funded by government. Even now, controversial changes to news and local radio stations are being made which other noble Lords will mention. The BBC is rightly adapting to the digital world, but there can be little doubt that changes would have been done differently had its budget not been so severely cut.

Conservative antipathy to the BBC is perhaps not surprising. After all, it was Boris Johnson's adviser Dominic Cummings who called for the

"end of the BBC in its current form".

He advised right-wingers to work towards undermining the credibility of the BBC because it is the "mortal enemy" of the Conservative Party. No wonder we have seen repeated attempts to do so from right-wing politicians, think tanks and media organisations—many of whom have a vested interest.

Wider challenges face all PSBs. In return for spectrum allocation and guaranteed prominence on electronic programme guides for linear TV, PSBs are required to meet numerous obligations. These include being free at the point of delivery, providing impartial news and current affairs and distinctly British content, commissioning a minimum number of programmes from independent producers outside the M25 and being available on all platforms.

However, with change occurring at an unprecedented pace, they now face stiff competition from hundreds of other channels and online services. Subscription video on demand—SVoD—services, such as Amazon Prime and Netflix, operate globally, with strategic advantages in financing, data and economies of scale.

They have enjoyed rapid success and are unencumbered by such obligations. The effects of this, such as the hyper-inflation of production costs, mean that some PSBs are questioning whether they should remain PSBs. We should be clear about what we would lose: there would probably be less original journalism from ITV and Channel 5, for example, and certainly less British content.

Currently, the PSBs combined produce far more original UK home-grown content than the streamers, producing 35,000 hours in the last 12 months to April, compared with only 831 hours produced by Netflix and Amazon Prime combined. If some channels ceased to be PSBs, it would inevitably lead to a reduction in home-grown content and increased reliance on US-made programmes. As the Select Committee said three years ago:

"Our evidence overwhelmingly indicated that public service broadcasting is as important as ever to our democracy and culture, as well as to the UK's image on the world stage."

So we must urgently address the challenges.

The April White Paper, *Up Next: The Government's Vision for the Broadcasting Sector*, also recognises the challenges and proposes a range of solutions. I agree with some and disagree with others, such as the plans for Channel 4. But, given the urgent need for action, it is disturbing that there is no sign of the media Bill. On Tuesday, DCMS Minister Julia Lopez said that her department was keen to bring it forward, so can the Minister explain who is blocking it? We urgently need the opportunity to agree measures to ensure that we continue to reap the democratic, cultural and economic benefits of PSBs.

I turn to some of the measures that I believe are needed. The first is really easy and requires no money or legislation: simply stop putting the BBC down. It makes an enormous contribution to our culture and democracy, it is held in great affection at home and it is admired the world over. We should be immensely proud of that achievement. Of course, we cannot be complacent and must exercise vigilance over the spending of the public's money. But let us not confuse accountability with the kind of full-throated attacks frequently heard in the right-wing press and occasionally, dare I say, from the Benches opposite. We should be more willing to celebrate than condemn.

Secondly, we should think creatively about alternative methods of funding the BBC, while ensuring that it continues to be universally available, free at the point of use and the benchmark for quality, range, innovation and training. I serve on the Communications and Digital Committee, the current and past chairs of which I am pleased to see in their places. The committee's recent report on BBC funding outlined the options that we felt were plausible substitutes for the licence fee and those that we felt should be dismissed. I will not rehearse those arguments here—others may well do so—but we need careful cross-party consideration of those options to ensure that the BBC continues to be an integral part of British life well into the 21st century.

Incidentally, while the Government may wish to explore a contestable fund for additional high-quality UK-produced material, such as the trial carried out on the young audiences content fund, this should be totally separate from financing the BBC. That financing

process should be independent and transparent, whether for the licence fee or for whatever succeeds it. In 2019, the Select Committee said that

“the integrity of the licence fee has been undermined by a succession of settlements which were carried out in secret and which have tended to disadvantage the BBC.”

It is time to end those clandestine negotiations, which are bad for the BBC and the country.

Thirdly, our public service broadcasters play a vital role in bringing international stories to UK audiences, informing them about urgent global issues and connecting them with people, places, events and concerns far beyond our national borders. Such a role is especially crucial given the danger of a post-Brexit Britain becoming ever more inward-looking and insular and so must continue to be enshrined in the remits of all PSBs.

Fourthly, we need to end the nonsense of Channel 4 privatisation. This was a particular obsession of Boris Johnson and Nadine Dorries, with virtually no support from the industry or from audiences. Your Lordships’ committee was clear that launching consultation on privatisation and stating that privatisation was the Government’s preferred option was “not the right approach”. It went on:

“The Government should have set out its vision for the future of public service broadcasting as a whole before examining what place Channel 4 should have in that ecosystem, and which business model it needs to realise that role.”

Yet the current Secretary of State is apparently reviewing the business case for privatisation as we speak, without any of the key decisions about the future of PSB having been made. I hope the Minister can explain why that is.

On these Benches, we are clear that a privately owned Channel 4 would mean a corporate owner maximising its return to shareholders rather than investing in programmes; it would mean less innovation, an inevitable reduction in serious peak-time news, fewer commissions to small, independent producers, and less investment in the nations and regions. Pulling the rug from under Channel 4 will not just impact one broadcaster; it will harm the whole sector. Privatisation was always a solution in search of a problem; it should go the same way as its initial sponsors.

Fifthly, as both BBC and ITV have warned, there is a risk that, soon, “crown jewel” sporting events will be available only on subscription services. I share their view that urgent changes are required to the listed events regime to avoid this happening.

Sixthly, there needs to be a proper inquiry, perhaps led by Ofcom, into which platforms PSBs should be obliged to provide their content to and whether they are getting fair value for it.

Finally, and perhaps most importantly, we urgently need to update the prominence regime so that content from PSBs is easily discoverable in the digital age. There is little point in placing content obligations on broadcasters if audiences are unable to find that content. It is three years since Ofcom called for new legislation to keep PSB content prominent on both linear and on-demand television. Three years on, at last we have the promised new prominence framework in the long-awaited media Bill—yet another reason why it should be introduced as a matter of urgency.

Our PSBs, not least the BBC, are the envy of the world, but they are operating in a rapidly changing landscape. If their reputation is to be maintained, urgent changes must be made to the way we support and regulate them. The proposed media Bill is long awaited. Let us hope the wait will be soon over so we can debate it and then agree measures to ensure a PSB sector fit for the new broadcasting age. I beg to move.

3.28 pm

Baroness Stowell of Beeston (Con): My Lords, I too congratulate my noble friend Lord Parkinson on his return to the Front Bench, and I also congratulate the noble Lord, Lord Foster of Bath, on an excellent opening and scene-setting speech to this debate.

I was at an event last night—I believe that the noble Lord, Lord Foster of Bath, also attended—at which the Secretary of State, Michelle Donelan, committed to bringing forward the media Bill very soon. As my noble friend the Minister knows, and I hope agrees, I believe that there is a strong case for a pro-growth media Bill that combines the prominence measures, which the noble Lord, Lord Foster, has just described, with the digital competition measures, which are also critical not just to the PSBs but to newspapers, publishers and UK tech businesses. These measures form part of another long-promised but still-to-be-seen Bill, so I hope that my noble friend the Minister can say something meaningful about all these things when he comes to wind up.

However, as important and urgent as prominence is for public service broadcasters and radio networks on digital platforms and smart TVs, it is also important to be clear that it is nothing more than a short-term solution. Prominence alone is not the answer to the real challenges facing the future of public service broadcasting. As much as we may feel sentimental towards our broadcasting institutions or specific channels, we cannot escape that the PSBs’ share of UK video viewing has fallen from 97% in 2010 to 63% this year, and it is currently predicted to fall to 50% by 2027. The broadcasters are all responding to this challenge: digital first is the main strategic shift that each is having to adopt, which is why prominence is so important. While I would not for one moment suggest that this is easy and without its challenges, this is a commercial imperative or a survival strategy.

When it comes to the bigger challenge of safeguarding the value of public service broadcasting to society, institutional preservation for the sake of it is not the place to start. There needs to be some big thinking about what public service broadcasting means in the next quarter of the 21st century, and the best way to deliver it, taking account of not just the changing viewing habits of audiences, and the young in particular, but the dissatisfaction of some sections of society who feel that their lives and perspectives are patronised and not seriously represented.

I believe that the broadcasters themselves should take the lead in being radical in the solutions they propose. As politicians, we should be demanding that they be clearer than ever before what the point of them is in this highly competitive media world, and calling on them to set out how the structure of public

[BARONESS STOWELL OF BEESTON]

service broadcasting should change for it to continue delivering value for society. That includes asking whether we still need four public service broadcasters—each independently owned—to deliver distinctively British quality programming that binds us together as a nation. It requires the BBC—as the Communications and Digital Committee has called for—to come forward with its own vision for the future, driven by a clear strategic purpose and costed options for how best to deliver benefit to the nation, as well as how to fund it. The noble Lord, Lord Foster, referred to the report on Channel 4 by the Select Committee I chair—although it was chaired at that time by my noble friend Lord Gilbert—and we were clear that we did not object in principle to its privatisation, although we did question its urgency. If Channel 4 is not to be privatised, it requires its board, if it is to respond to these challenges, to propose new ways for it to be financially sustainable and deliver value that is distinctive from commercial broadcasters. For public service broadcasting to face all these challenges, competition regulators are required to think differently and not repeat the mistakes of the past.

Finally, it requires us, as politicians, not to blindly defend the status quo or engage in a political battle about the licence fee or Channel 4 privatisation, which only encourages the BBC or Channel 4 to keep their heads down and hope that, if we keep fighting, big decisions about funding or ownership models will remain unmade. Clearly, financial pressures are forcing the BBC and others to make changes now, ahead of any long-term strategic decisions, but these seemingly piecemeal decisions serve to illustrate the danger of the BBC waiting to define its strategic purpose to inform decisions about how it needs to change. We might worry about changes to, say, local radio, because we cannot see how they relate to a bigger picture.

It is because I believe in the importance of public service broadcasting to a cohesive society and our prosperity as a nation that I am demanding radical thinking about its future. I do not want solutions to be left to us politicians; I want the broadcasters themselves to be emboldened by us to lead the way and to depoliticise the debate. We all need to recognise that this is urgent and that raising these questions is not some kind of attack; it is the only way of safeguarding something that is important to all of us. I hope that my noble friend the Minister—back in his rightful place—can give me some assurance that the Government understand this and are acting accordingly.

3.34 pm

Baroness Bakewell (Lab): My Lords, 1922 was a very special year. It was the year *The Waste Land* was published and saw the birth of Philip Larkin and the creation of the BBC—cultural events that echo still to this day. My contribution is going to be about the BBC and my personal experience of it. I first worked for the BBC in the 1950s when I made the sound effects for the horses' hooves in radio drama. I have gone on to have a varied career in all segments of the BBC, largely working with the creative community, of whom I have a continuing and varied experience. I

have been close to them and not to the administrators—of whom the noble Baroness, Lady Stowell, is a distinguished one—so I speak from that community.

What do I see of the BBC now? I see the BBC living in fear. It lives in fear of government and government interference and change for the worst. It lives in fear of the right-wing press and its effect on public opinion, always vocal in damning the BBC for the slightest errors and undermining public trust in a national institution. It lives in fear of the public reputation and in fear of the other platforms and the changing landscape of the world of broadcasting; quite rightly, so it needs handling.

What is the consequence that I perceive in the behaviour of the BBC today? I see it as overmanaged, overloaded with managers trying to answer these fears that it harbours. I see too many people designated to sign off programmes—person after person—to sign off a creative enterprise whose managers are perfectly able to deliver in the first instance. I see a timidity from the BBC, overcautiousness about what you can say and how much daring you can display. The great triumph of the BBC throughout the 1950s and 1960s was its openness to adventure and daring and that is where it culled its huge reputation. Now, it drives away people such as Andrew Marr and Emily Maitlis who are fearful of expressing an opinion for fear of overstepping the new rules that apply.

I wish—and this is not the arena to say this—that the BBC had more courage to face down these fears. I call on the Government to endorse the values that existed at the founding of the BBC. I interviewed Lord Reith in this building at the end of his life when he expressed to me how much he regretted that jazz had ever been allowed on the radio. He felt that it was the beginning of the corruption. You can be wrong.

I would like the Government to acknowledge positively the role of the BBC today. The BBC has a global brand, an enviable one in the world of brand making; there is nothing to match it. It has global reach: it reaches into Ukraine; it reaches into China; it reaches everywhere, and it has a say. It is a soft power of incalculable value. Ask any of the diplomats. Ask our foreign embassies. They will tell you how much the BBC is valued as part of our diplomatic contribution to the world.

What is more, the BBC has the trust of the public. The public snipe at the BBC; that is what you do with those you love. Overall, the approval rating for the BBC is extremely high, and it is very precious. Unless we endorse it in a positive way, unless the Government say how they agree with the values of the BBC, then it will slide down the reputational ladder in our society. We cannot afford for it to lose heart and to give way to these fears that it harbours. I call on the Government to endorse the BBC and its values and encourage it to hold fast.

3.39 pm

Lord McNally (LD): My Lords, first, I congratulate my noble friend Lord Foster on his masterful opening and my noble friend Lady Bonham-Carter on her success in gaining this slot for our debate. I will not say anything about the return of the Minister, because the

last time we shared a debate I congratulated him on his independence of mind and clear thinking, and then he was gone—I will keep quiet this time. What I will say is what a pleasure it is to follow the noble Baroness, Lady Bakewell. She is a proud daughter of Stockport, of which I was an MP, and Stockport is proud of her. I have to be careful about exactly how I describe what she means to my generation, so I will play it safe by saying simply that today's feisty, self-confident female presenters stand on her shoulders and benefit from the path that she helped to pioneer for women in broadcasting.

This afternoon, as has been said, we celebrate the establishment of the British Broadcasting Company in 1922 and the British Broadcasting Corporation in 1927. Having listened to the noble Baroness, Lady Stowell, I remind us all again that it was a Conservative Government who established the BBC as a public corporation, protected by royal charter, with John Reith's brilliant mantra—"inform, educate and entertain"—as its mission statement. It is important to remember that it was the conscious will of Parliament to distort the market in this way, as it has done ever since. Indeed, it was under Conservative Governments that the remit of public service broadcasting was extended, by the introduction first of ITV and then of Channel 4, Channel 5 and S4C. It is a reminder to Conservative Members of Parliament, in both Houses, that they do not have to be hostile to the BBC.

Because public service broadcasting—and the BBC in particular—has been so successful in its mission it has, as has been said, been under sustained attack on two fronts. Those on the right wing of the Conservative Party hate it because it is publicly owned and well regulated. They are aided and abetted by a clutch of right-wing newspapers, all owned by tax exiles, who lust after the public service audiences—the eyeballs and ears they can turn into hard cash if public service broadcasting can be marginalised, as it has been in some other countries.

Meanwhile, we have to face the fact that, for the last decade and more, the BBC, under successive Governments, including the one of which I was a member, has had to manage successive squeezes on its funding. As has been said, the BBC has had to manage a 30% cut in its funding over the last decade. At the same time, the BBC has had to take on, as my noble friend Lord Foster said, tasks such as funding licences for the elderly, and the BBC World Service, neither of which should be charged to the licence fee. Unfortunately, the BBC insists on presenting all aspects of its cost-cutting as part of some shiny new vision in this new digital age. The corporation should be more up front about its various reforms and contractions and the very real funding constraints that it faces.

This morning, I sat in on a briefing by the BBC on the changes being planned for local radio. The proposals received a rough ride from a cross-section of Labour and Conservative MPs, all jealous to protect their local services—and rightly so. But there was an elephant in the room: if not local radio, where should the axe fall? The truth is that there is only a limited number of services that cutting Gary Lineker's salary can cover.

The problem with understanding what the BBC is doing across the board is that it means we are acquiescing in a steady marginalisation of the BBC—the very agenda that Rupert Murdoch and other financial interests, along with the right wing of the Conservative Party, want to see.

I am particularly concerned by the proposal for it to close the BBC News channel and BBC World News and replace them with a single, global-focused channel next year. To lose a 24/7 UK news channel when major commercial competitors are tooling up to provide opinionated news channels is a major retreat by the BBC. I hope that Ofcom will examine these proposals with all due rigour and use the public interest powers that the Puttnam committee, of which I was a member, put into its arsenal at its formation 20 years ago. Meanwhile, parliamentarians in both Houses and the parties they represent have to be clear about the future funding of the BBC and the protections offered to it and other public service broadcasters.

Most of all, we need a clear commitment that public service broadcasters, and the BBC in particular, will have the support they need to continue to provide the iron pole of quality around which the ecology of our creative industries can flourish.

3.45 pm

Baroness D'Souza (CB): My Lords, public service broadcasting works in the UK within a wide framework of duties and responsibilities. These include strict rules on content, range, outreach, implementation and funding. The BBC is also bound by the royal charter, which sets out its objectives, mission and purposes. While we have a free broadcast media, it is monitored and regulated by Ofcom.

The House of Commons Digital, Culture, Media and Sport Committee's 2021 report *The Future of Public Service Broadcasting* identified three core principles within public service broadcasting: universality of access, accuracy and impartiality, and freedom from government interference or political pressure. In a subsequent report in 2021, the same committee considered that the Communications Act 2003 had been overtaken by huge changes in online digital broadcasting and should no longer be considered fit for purpose. There is a dilemma: how best to amend legislation which pre-dates the rise of streaming platforms and is therefore outdated, and how new funding models might enable relevant and accessible public service broadcasting to compete effectively with the giant online platforms that remain as yet largely unregulated.

The overall consensus is that new primary legislation is now required to replace the 2003 Act, if only to keep pace with broader industry and economic trends and hundreds of other competing channels and online services. However, all the existing safeguards must be retained and perhaps even strengthened. A media Bill, announced in the Queen's Speech in May 2022 and foreshadowed in the Government's White Paper, is likely to encompass the core principles of public service broadcasting—to be renamed public service media—through new regulatory powers to enforce codes for on-demand videos and stricter rules on potentially harmful material. When the Bill arrives, I am sure it will be much debated.

[BARONESS D'SOUZA]

Meanwhile, the BBC is the only major provider that relies entirely on the annual licence fee, which makes it uniquely vulnerable to political pressure. As we have heard, the BBC licence fee is currently frozen and remains under review, but it is 30% lower in real terms than it was a decade ago. The BBC has found savings approaching £1 billion over the past five years, but it will need to reduce its budget further, by approximately £300 million, before the end of this decade. However, reorganising and recreating models that satisfactorily relay public service broadcasting on both linear and online services will be very expensive.

While acknowledging the fall in listener and viewer numbers in the past five years, the BBC remains a key public service broadcasting provider around the world and the BBC director-general has announced plans to deal with competition and reduced budgets, staff and broadcasting hours while maintaining its crucial public service broadcasting role. These plans, which anticipate the closure of the BBC News channel and BBC World News, the latter funded by subscription and advertising, in favour of a rolling news service, will be fiercely resisted—not least because the new service will be a commercial venture and potentially therefore precluded from licence fee funding.

Colleagues in this Chamber have spoken, and no doubt will speak, with warmth and affection about the BBC World Service and its immense soft power. This is not, I would say, sentimentality; it is a hard, factual appreciation of the gem we have. I remember being extremely moved many years ago in Khartoum when that city simply went silent in order to listen to the 1 pm news, and not much has changed; I think that still happens the world over. In more recent times, the figures for listeners have shot up during world crises such as the Russian invasion of Ukraine. The reasons for this are obvious but worth restating: in an environment of disinformation, misinformation, half-truths and fantasy, the BBC is trusted.

The world's most respected broadcaster and one of the UK's key democratic institutions faces a bleak future in the absence of realistic funding. If public service broadcasting is to be given the importance to our democracy and to our culture that it deserves, together with the cost of maintaining linear broadcasting and expanding online on-demand services, it is vital that the Government provide sufficient funds. It is astonishing to me that the Government would even think of limiting or undermining such a powerful channel of UK influence. Instead, they should be ensuring its long-term security, to enable the BBC, including the World Service, to streamline its public service broadcasting for future decades.

3.51 pm

The Lord Bishop of Leeds: My Lords, I too am grateful to the noble Lord, Lord Foster, for securing this very important debate. Before saying anything further on the theme, I want to express thanks to and admiration for those who prepared the Library briefing. I have been knocking around these issues for a couple of decades, and this briefing is a model of narrative accuracy and concision.

Public service broadcasting in the UK is unique on the planet and one area in which this country is genuinely a world leader, which is why it is so important that, in the centenary year of the BBC and the day after the 40th birthday of Channel 4, we assess the value of what we have and steel ourselves against the ideologically driven impulse to diminish it. Yesterday, I asked a friend who works in public service broadcasting what she would focus on in a debate such as this. Her response was immediate: imagine a world without it. That is, imagine a world in which broadcasting serves only narrow cultural or political interests and is subject purely to commercial or transactional persuasion. I might put it like this: look at broadcasting in the United States. Price is not the same as value.

The broadcasting landscape has changed, as has been noted by a number of speakers, and is changing by the day. Technology drives both the pace and nature of such change, but there remain principles which, if neglected or sold down the river to the highest bidder, will sell our culture short—and not just the UK's but that of the global audience who rely on the BBC for accuracy and integrity. Does it get it wrong sometimes? Yes, obviously; but it is also open to scrutiny, challenge and critique. To understand the global importance of the BBC and what the loss of soft power might look like, just ask Arabic speakers what they think of the recent decision to close our Arabic service, at a time when it is most needed.

The main point about PSB is surely that, as the report by the House of Commons DCMS Committee makes clear, it is characterised by universality of access, accuracy and impartiality, and independence. It is surely not coincidental that we read on the walls of New Broadcasting House the words of George Orwell:

“If liberty means anything at all, it means the right to tell people what they do not want to hear.”

For this freedom to be guaranteed, there needs to be a well-resourced facility for universality of access, accuracy and impartiality—which is not the same as neutrality—and independence.

Yes, technology has changed everything, and it is timely that there should be some serious scrutiny of legislation for a rapidly moving digital and legal world. But, as I wrote in a newspaper article some years ago,

“If the BBC needs to hear what it doesn't want to hear, then the politicians who want to reform PSB cannot exempt themselves from scrutiny of their motive. Diminishing those who challenge the integrity or motivation of governments or their policies is what happens in countries that are not admired for their democratic credentials.”

As we have heard, PSB is not the sole preserve of the BBC. The landscape has changed; there are different media with differing offerings, which are funded by different models. This provides a balance that is precarious and must be respected. Please can the Minister update us on the future of the media Bill, particularly the threat to privatise Channel 4, which is a clear success story of the last 40 years and for which there is no popular mandate to privatise?

Following the appointment of the new Prime Minister, the Government said the Secretary of State was “carefully considering the business case for a sale of Channel 4”. Might I suggest that business is not the only case to be considered here?

The Minister might like to help us with further questions. For example, how will the current drastic squeeze on BBC local broadcasting impact local democracy, community cohesion and accuracy of reporting? How will the drastic squeeze on the BBC World Service, and its consequent reduction in service, impact UK soft power in parts of the world where our reputation as a leading democratic and free nation is fragile, and matters?

Young people are accessing the BBC less than ever, but does this not emphasise the need to reach them more effectively with PSB, rather than simply diminishing its resources according to some numbers equation that takes little account of power that cannot be cashed out in a profit and loss spreadsheet? If PSB is reduced as a source of public funding—my assumption here is not incidental—what does this say about the encouragement and nurturing of a new and younger generation of journalists and programme makers who need to embody cultural values, not just technical skills? Do the Government value the fact-checking credibility of the BBC in a world being flooded with disinformation, with a serious impact on truth, democracy and culture?

A reform of legislation may be needed in the wake of radical technological change, to say nothing of the wild west of digital streaming and social media, but please will His Majesty's Government commit to ensuring the cultural and democratic future of PSB in the UK, in order that we do not lose what has taken a century to build, but could be lost in weeks?

3.57 pm

Lord Dubs (Lab): I join noble Lords in congratulating the noble Lord, Lord Foster, on initiating this debate. We live in an increasingly dangerous world, and the soft power provided by the BBC and the British Council is invaluable. That this Government seem to be increasingly cutting back both the British Council and the BBC is unrealistic and increases the dangers to this country.

During the Labour Party conference, the BBC World Service held a breakfast during which they explained and demonstrated what the World Service was doing in its coverage of news from Ukraine. I am sure they did it at the Tory party conference as well, but it was interesting how the brave reporters of the BBC were reporting on what was happening in dangerous areas of Ukraine.

Many years ago, I paid a brief visit to Myanmar and I talked to some people from a hill tribe. They told me they get one hour of local language news a week, and that is what they live for. That is what they get from the outside world. I was also in China some years ago, and I did what many of us do when we are abroad: I switched on my iPad to get the "Today" programme, allowing for the time difference. All I got was some local Chinese radio stations. Clearly, they did not like the idea of making BBC radio programmes available.

The thing that shocks me most is that there is now a threat to the Persian language service. At a time when the brave people of Iran are demonstrating against their foul regime, risking their lives to speak up for freedom and wanting our help and support, what are

we thinking of doing? Cutting back our service to them. That is absolutely unacceptable. Whether it is the Government cutting back on the BBC or the BBC deciding, that is surely the wrong decision. We know that the voice of the BBC, and those of our other public service broadcasters, are the voices of democracy and democratic values—and, indeed, they encourage positive attitudes towards this country.

As I understand it, the BBC is the biggest global news provider: 36% of people listen to the BBC; 67% of global business decision-makers use it; and its reach is nearly 500 million people. As has already been said, the BBC is now facing cuts of 30% compared with a decade ago, and I understand that the threat to close the news channel and BBC World News and create a new rolling news service will mean 70 fewer journalists. The BBC cuts threaten 450 posts altogether.

Are we not damaging one of the most powerful institutions in this country in seeking to weaken the BBC? We have already lumbered it with the licence fee for over-75s, and there is a freeze on its future income. There is a debate, encouraged by the Tory party, on whether the licence fee should survive at all, and local radio is also threatened. This is not the way forward. The potential cuts apparently represent a loss of about £5 billion, with possibly 50,000 jobs to be lost.

What about the independent production sector? We have one of the most vibrant such sectors in the world, and it relies heavily on the BBC for investment, training creative talent, apprenticeships and so on. That will be weakened. We have creative industries all over the country, in Salford, Bristol, Birmingham, the north-east and elsewhere, and they are also being threatened.

The BBC is such a valuable institution. As has been mentioned already, anybody who goes to the States and watches and listens to what is on will find Fox News. Heaven preserve us from Fox News; it is like an old Soviet propaganda-style broadcaster. Let us be grateful that we have higher standards here so far.

Channel 4 also supports the independent production sector. I do not understand the ideology that drives forward the wish to privatise Channel 4. It does not cost the public sector anything, and it provides a decent service. If the Government proceed to privatise Channel 4, what assurance can we have that it will not be bought by one of these American companies, or other companies? What is the benefit to us as individuals or as a country if Channel 4, a successful broadcaster, is bought by some overseas company? What is the point of that? What is the benefit? None at all. Of course, the public service broadcasting sector also covers ITV, which is doing pretty well.

So we seem to be moving backwards. Please let us think again before we throw away some of the most valuable features of life in this country.

4.03 pm

Lord Clement-Jones (LD): My Lords, I also congratulate my noble friend Lord Foster on initiating this debate and, in particular, on provoking some fine contributions so far. The much-respected Sir Peter Bazalgette, who has just stepped down as chairman of ITV, said in his Hay Lecture last month:

[LORD CLEMENT-JONES]

“Our viewing is so much richer than it used to be and the streamers have hugely enhanced this ... Long may we have a system of broadcasting designed to deliver this.”

The streamers have returned the compliment:

“The impact that the BBC has had over the last few decades in building the profile of the UK creatively, in nurturing talent, its investment in production and so forth, is one of the key reasons why we have chosen to make our home here and ... why we are such strong supporters of what it does and want to see it continue doing.”

That was Benjamin King, director of public policy for Netflix UK and Ireland, giving evidence to the Commons DCMS Committee back in 2020 in its inquiry into the future of public service broadcasting.

Anne Mensah, vice-president of original series at Netflix, who used to work at the BBC, went further, and I hope that the noble Baroness, Lady Stowell, notes this. She was asked if she thought the licence fee was a sustainable way forward for the BBC in the long term. She said:

“I absolutely believe in the long-term sustainability of the BBC. I love the BBC. I think that it makes some of the best shows, if you look at what it has done this year from ‘I May Destroy You’ to ‘A Suitable Boy’. I back the idea of having a UK creative economy that is built on a number of different models from subscription through to licence. I would hate to see the BBC diminished in its impact in the UK.”

Much the same could be said of the importance of commercial PSBs, such as Channel 4 and ITV. That is why the majority Conservative and Conservative-chaired committee concluded its report by saying:

“The strong, varied public service broadcasting ecology in the UK has played a significant role in the growth of the production sector in the UK. PSBs have been described as underpinning the wider creative economy and whilst SVoDs are beginning to invest more in production in the UK, the number of UK-originated content hours is hardly comparable.”

It is clear that we need a plurality of provision. Each has an important place in our broadcast ecosystem and they are interdependent. They rely on different funding mechanisms and that is a strength, not a weakness.

As Ofcom’s recent report into how the PSBs have delivered for UK audiences states, the amount and range of first-run original UK programmes on the PSBs “far outweighs what is available on other commercial broadcast channels and the global streaming services.”

It also notes that the streaming services

“do not offer the same mix of original UK content as broadcast services, consisting of predominantly US produced drama and comedy programmes”.

The report, *Public Service Broadcasting: As Vital as Ever*, from the Select Committee on Communications and Digital—whose chair and former chair are present—concluded that

“TV which reflects UK culture is in demand at home and abroad. However, changes in the market may make the future of individual SVoDs and TV services uncertain. New entrants complement but cannot replace public service broadcasters, which guarantee continued investment in a wide range of original UK content no matter the state of the global market.”

Libby Purves, at the end of her insightful and far from uncritical article on the BBC last month in the *Times*—“Happy 100th, BBC, You Dear Old Monster”—wrote:

“Something must be done to keep the best of the BBC both safe and independent. Finding it is a serious job for serious politicians, if we ever get any again. And they should remember that every investigation and commission into the corporation has led, however reluctantly, to the conclusion it has unique value.”

I was here in 1999, when the noble Lord, Lord Bragg, concluded his splendid opening speech in a debate on the BBC. He said:

“For over 75 years the BBC has stood for something singular and been seen to be singular. If that goes the BBC will eventually go and a great chapter in our social and cultural history would have come to an end. It need not be like that. But the dangers are clear and the time to act is now.”—[*Official Report*, 3/3/1999; cols. 1668-69.]

Let us not keep repeating history, but recognise once and for all the huge value and quality in the variety of broadcasting we have, the core of which is our public service broadcasting.

In this light, I believe in particular that the media Bill and government policy should—to ensure that variety, diversity and quality in our broadcast services is included—definitely not contain the privatisation of Channel 4 which, as we have heard, is celebrating its 40th anniversary. As we noted earlier, it was created by a Conservative Government. The Bill should give Ofcom the powers promised in the White Paper to draw up and enforce a new video on demand code, to ensure that television-like content will be subject to similar standards regardless of how it is accessed, so that that age ratings used by all VoD services must meet the three criteria set out in the Government’s consultation response. It should reinstate the BFI young audiences content fund and—as recommended by the Commons Digital, Culture, Media and Sport Committee—reform rules around prominence, legislate to give a remit to the digital markets unit over PSB content and plurality in broadcast media, and extend the requirements for diversity reporting to streaming services. I hope the Minister will confirm that the Bill will contain that.

4.10 pm

Viscount Colville of Culross (CB): My Lords, I declare an interest as the series producer of a new series on the people of Ukraine to be made for international public service broadcasters.

In the words of the Communications and Digital Committee report, *Public Service Broadcasting: As Vital as Ever*:

“Public service broadcasting can bring the nation together in a way in which other media cannot and can ‘raise the level’ of quality, as well as ensuring continued investment in original UK content”.

In a broadcasting environment in which the PSBs are facing massive threats from the global streamers, they need economic and political support from the Government to remain relevant to British audiences.

Noble Lords have mentioned the uncertainty surrounding Channel 4, with the continued political indecision about whether to go ahead with its privatisation. I take heart from the Secretary of State’s answer in the other place that she is looking at the business case for its sale. As there is no business case, I would suggest to the Minister that it should not take long to resolve the issue. The channel had its most profitable year last year and if its borrowing limits need to be raised to compete with the streamers, then that should be facilitated.

As noble Lords have said, the other important policy for the Government to enact is the prominence regime on digital platforms. At the moment the channels are finding themselves thwarted by the massive power imbalance with the streamers. This matter is urgent. TV manufacturers are demanding huge fees to ensure the prominence of PSB tiles on their platforms. Channel 4 has just had to pull out of talks with the manufacturers of the LG TV sets because they demanded too much money to place its tile in the most prominent position on the home page, while the Amazon platform has just demoted the position of the All 4 tile to make way for the promotion of its own Freevee tiles. Channel 4 has asked Ofcom to investigate the move. The BBC is better placed because of its “must carry” obligations. The broadcasting White Paper had some very important promises to enshrine the principles of “appropriate prominence” on digital platforms, but every month the Government delay the new regime, the PSBs lose money.

PSB commercial channels need further support in their business relationships with the streamers. Noble Lords only have to look at ITV’s anguished negotiations with these global giants to see why it is important. The channel is confronting variants of closed platforms when dealing with Amazon, Google and other tech companies, which define the terms of inclusion of content. This is particularly important with the upcoming launch of ITVX with its wide-ranging digital offer. Amazon has told it that it must accept the standard terms of 30% share of advertising revenue, take it or leave it. It also will not share data with the content providers. Netflix is famous for failing to provide any audience data to content producers. However, that seems to be an own goal, as content commissioners will obviously commission material better tailored to audiences if they have the data on who is watching and how they are watching material.

The imbalance of power between the platforms and the PSBs strikes me as similar to that affecting news publishers, which I spoke about in last week’s debate on the *Free for All?* report. I suggested a variation of the mandatory code set up in Australia for news publishers. Surely something similar could be established for TV content providers on platforms in this country. This Government pledged to support the growth of British business and surely our indigenous PSBs should be given all possible help to break open the dominance of the platforms when creating terms for use of their content. I ask the Minister whether such measures could be included in the media or digital markets Bills.

I would also like to put in a plea for Ofcom-licensed radio stations. Last week the latest RAJAR audience figures showed that the percentage of online radio listening has increased from 18% last year to 24% this year. That is a huge increase which, if continued, will mean that the majority of listening will be online within five years. Smart speakers make up half of that and voice-controlled, in-car IP platforms are also a growing online market. It is important that Britain’s radio stations have protected positions on these devices. Without them, there is the temptation for platforms to drive listeners away from UK radio and towards their own playlists.

There also needs to be a regime which supports the ad revenue of UK commercial stations to ensure that they can place their own adverts around their content rather than being forced to accept the platforms’ ad offer, with the subsequent losses of revenue. I hope the media Bill will have specific clauses to support radio and protect listeners in these fields. I understand that the stations are having fruitful conversations with DCMS. I would be grateful if the Minister would give your Lordships’ House his thinking on this.

I welcome the Minister back to the Front Bench and I hope that his second term of office will be filled with the long-awaited DCMS Bills on media and digital spaces. They need to come before Parliament as soon as possible to protect our media industry from the onslaught of the streaming giants. The content production sector is a booming, but its mainstay and driver is the power of our public sector broadcasters in this new age. I ask the Government to embrace them in the tender arms of legislative support.

4.15 pm

Lord Gilbert of Panteg (Con): I too congratulate the noble Lord, Lord Foster, on securing this debate. He is a passionate and truly expert advocate of public service broadcasting.

It was a privilege to chair the Communications and Digital Committee, which produced a number of reports on the future of PSBs prior to the excellent report on BBC funding which my successor and noble friend Lady Stowell of Beeston has described.

The Government are right to look now at the future funding of the BBC and are right to ask whether the current model for Channel 4 is sustainable in the long term. However, it is hard to see how evidence-based answers to these questions can be reached without looking in detail at what we want from PSBs in this rapidly changing world. Will my noble friend the Minister, whose return to the Front Bench is most welcome, confirm that in looking at the future funding of the BBC, the starting point will be an across-the-board evaluation of the future role of PSBs?

On BBC funding, I welcome the Government’s commitment to greater transparency in future funding settlements and charter negotiations. We certainly cannot tolerate another behind-closed-doors stitch-up. In the interests of time I will skip the eulogies, but as a friend of the BBC I have to acknowledge that no Government of any colour are going to raise the licence fee significantly above the rate of inflation. With inflation in the sector likely to remain well ahead of consumer inflation measures for many years ahead, this is a recipe for a slow death for the BBC: annual cuts after annual cuts, no long-term investment and the inevitable but non-strategic withdrawal of services. That is why my noble friend Lady Stowell is right to urge the BBC itself to be radical and take a lead in the debate about its future funding.

On Channel 4, the Government are right to periodically review their ownership and they were right to worry about the sustainability of the current model. They should, however, have considered other ways of updating the model. Given that so much has changed since the launch of Channel 4, including the huge expansion of

[LORD GILBERT OF PANTEG]

the independent production sector and the nature of underserved audiences, we should be asking whether the remit is up to date, the terms of trade and publisher broadcaster model need updating, and whether the way it accesses capital could be changed. However, if the Government should have asked these questions, so should Channel 4 have addressed them in its response to the Government's proposals. An outright rejection of privatisation without any evidence that it had really weighed up the pros and cons and considered alternative approaches was not an adequate response.

However, let us work on the assumption that the Government are not going to privatise Channel 4 and that they are going to examine the future funding of the BBC. It seems that this is a time to be ambitious. The Government are right that levelling up and impartiality should be the focus of the BBC midterm review, but I argue that the role of PSBs should be looked at alongside the potential huge contribution of the TV and film production, broadcasting and content distribution sectors to levelling up. The creative industries generally and these sectors specifically should be right at the heart of industrial policy, and the Government should not be afraid of giving strategic direction.

The UK is attracting huge investment. Global players are here because of the facilities and talent that they can draw on and the incredibly rich ecosystem that has largely been nurtured by public service broadcasters. However, the sector remains too focussed on London and the south-east, and too metropolitan and liberal in outlook. This will not do. Diversity is about more than protected characteristics. It is about diversity of social background, geography and viewpoint, too. If these sectors are to provide well rewarded, fulfilling jobs in the post-automation world, they must be more geographically dispersed and more socially inclusive. That means a skills policy and tax incentives for the whole sector sitting alongside renewed PSB objectives and some clear targets.

It also needs to be specific. For example, incentives and policy should drive the growth of Salford as a TV production and facilities centre, building on the historic investment that ITV has made in the region, and encourage the clustering of businesses so that, across the whole range of on-screen and off-screen roles, young people can have a career in this sector without moving to London.

Cardiff has nurtured remarkable talent and is incredibly creative. Much of this stems from huge cultural and economic input from the BBC and now the right mix of training, tax incentives and political drive should be applied with the ambition of making it a world-class drama production centre. Glasgow, the home of BBC Scotland, STV and numerous small independent production companies championed by Channel 4, needs the Government to incentivise global businesses that are producing great content in the UK to bring returning series to Scotland.

When I have discussed levelling up and the role of PSBs with senior players in the global businesses that are investing so heavily in the UK, the message is clear. They value the mixed ecology and the role of the BBC and other PSBs, and they want to do more outside London. Yet vast investment in studios and stages is

still concentrated in the south-east and, if you want a job in many of the roles in the sector, you need to move there. When I ask them what would persuade them to build studios and stages in other parts of the country, the answer is that they need to be able to access the full range of skills and facilities that support major productions. They also say that they need leadership and grip from the Government. I would add that the industry itself needs to work together to drive this change.

An ambitious Government who truly believe in levelling up will seize this opportunity and work with devolved Administrations to ensure that PSBs thrive at the heart of this sector, which has the potential to contribute as much to our economic success as to our cultural lives.

4.21 pm

Viscount Stansgate (Lab): My Lords, this is a good moment to discuss the future of public service broadcasting. I congratulate the noble Lord on securing and introducing this debate and join all noble Lords in welcoming the Minister back to the Front Bench. In the great carousel of recent government changes, I am glad that the wheel has stopped at exactly the right place for him to get off and resume his role as DCMS Minister. This gives me the chance, like everyone else in the debate, to congratulate the BBC on its centenary.

Of course, this is not the first time that Parliament has debated the future of the BBC or public service broadcasting. There was quite an interesting debate in July 1951 on the same subject. At that time, the distinguished historian Asa Briggs described Selwyn Lloyd's report as "the real dynamite" which eventually led the BBC to lose its monopoly. Why is it useful to recall such a debate many decades later? It is because we are now facing threats to public service broadcasting again.

For example, the Government previously indicated that they wanted to sell off Channel 4, but it is not yet clear what the current Government will do. Indeed, it is not entirely clear what the current Government will do in a number of areas. However, we do know that the Government continue to put pressure on the BBC via the licence fee. There are people who want to see the BBC further constrained and reduced, both financially and by cutting its coverage, despite the BBC being the jewel in the crown of the United Kingdom's soft power.

Sadly, only this week we heard of potential cutbacks in services provided by local radio. I presume that all noble Lords have had the very useful briefing from the BBC and its key statistics, so I will not repeat them except to say that the BBC remains an incredibly trusted voice in Britain and around the world.

My main purpose in speaking in today's debate is to highlight one issue in particular: the BBC's superb record over the years, whether on radio, on TV or, now, online, of informing, educating and entertaining the nation about science. I shall give the House some examples. "The Sky at Night" began in 1957. It was a monthly programme, one of the longest-running by the time it ended, and it was one of the very earliest of the regular science programmes. I grew up on it. Who could possibly forget the sheer enthusiasm of the

presenter Patrick Moore? Yes, I agree that the more we learned about his personal political opinions, the less I liked them; nevertheless, over the decades he shared with people the sense of sheer excitement at space and what humankind could achieve. That culminated in the moon landing of 1969, which the BBC covered in an exemplary way as a national broadcaster. Another long-running show was “Tomorrow’s World” with presenters such as Raymond Baxter, Judith Hann, Maggie Philbin and James Burke guiding us through the then latest developments in technology.

More recently, there are programmes such as “Click”, which, since the start of the millennium has been the BBC’s flagship technology show on BBC World News, where presenters such as Spencer Kelly, Kate Russell and Lara Lewington have educated, informed and entertained us on all the latest news in the world of tech.

There are other programmes such as “Stargazing Live” with Dara Ó’Briain on BBC1, but it is not just on TV that the BBC has fulfilled the vital function of bringing science and technology to the nation. On radio, the BBC has had such programmes as “The Life Scientific” with Jim Al-Khalili and “The Infinite Monkey Cage” with Professor Brian Cox and Robin Ince. There are now also podcasts such as “13 Minutes to the Moon”.

Some of the BBC’s science output over this period has been on a grander scale, with such blockbuster series as “Life on Earth”, which opened up the world of natural history and set the standard for documentaries in that genre. That has been followed by “Frozen Planet” and “Frozen Planet II”, presented by our foremost scientific national treasure, David Attenborough. I think the first episode of the new series attracted 9 million viewers.

Then there are the series “Wonders of the Universe”, “Wonders of the Solar System” and “Wonders of Life”, all presented by Brian Cox. Heaven knows there are quite enough wonders in the world and I dare say the BBC will keep on bringing them to our attention in the years ahead—for example, by broadcasting the fantastic photographs provided by the James Webb telescope.

More recently, there was the BBC’s coverage of Covid-19, when the country and the world were crying out for trusted factual information to help us navigate our way through a terrifying period in our recent history. The BBC once again pioneered things such as “Covid: Your Questions Answered” on the BBC News Channel and on “BBC Breakfast”, where people around the country could put their questions on all aspects of Covid.

And, of course, for much of the past half-century the BBC has brought us “Doctor Who”, mentioned in the opening speech, with its iconic music. That programme has helped inspire generations of children—and, I dare say, a few adults too—with an interest in and fascination with science and the future. It has been as integral a part of the BBC’s output on science as any other.

My point is very simple. No one else—no other independent channel anywhere—has provided remotely the same level of public service broadcasting in science

and science-related programmes. Contrast its output with that of broadcasters around globe. It is a record to be proud of and it is true public service broadcasting. Moreover, these BBC programmes are so prestigious that they are sold around the world.

I am not denigrating other providers—some also make valuable contributions to our understanding of science—but, when we look ahead to the future that lies before us, which is unimaginably different from that faced by Parliament when it debated these matters in 1951, it is my view that the BBC remains the only entity in today’s multidimensional broadcasting world that we can rely on to provide science-related programmes.

That is why our current system of public service broadcasting remains an essential part of who we are as a country. There are times when public service broadcasting needs to be defended, and this is one of them.

4.27 pm

Baroness Benjamin (LD): My Lords, I thank my noble friend Lord Foster for securing this important debate and for his kind remarks. I declare my interests as set out in the register.

Public service broadcasting content is vital nourishment for children and their well-being. It is the perfect way for them to recognise and understand the world that they live in. I have vast experience, knowledge and wisdom of the importance of this because of my 46 years of broadcasting for children, through programmes such as the BBC’s “Play School”. Many say that that programme, where I took them through the arched, round and square windows, shaped their lives, helped them deal with dark moments and gave them unconditional love and confidence to face adversity.

Before we meddle with the future of public service broadcasting, let us think of our children and what we are going to replace it with. Our thinking about the future of public service media must recognise that young people are taking the lead in the adoption of new services and developing loyalty to new platforms. If we ignore that young audience, we risk losing them permanently to a diet of international content that fails to connect them to the UK’s culture, engage them in UK society or reflect them as members of that society. Remember: childhood lasts a lifetime, so if we fail to provide content that has public service purposes at its heart, then public service media will be meaningless to them as they become adults. This is why the media Bill is crucial to ensuring that PSB has prominence, is inclusive and has fair value for its content, and that those broadcasters are able to compete fairly with global streamers and secure fair value for their investment in original UK content, which in turn has clear value for the UK.

Several areas of public policy are impacting on young people right now. First, Ofcom had identified market failure in the provision of children’s television in the UK, mainly associated with the reluctance of the commercial public service broadcasters to commission new content for children and teenagers. So the young audience content fund, which I persuaded the then Digital Minister Margot James to give to children’s production, was a successful pilot which addressed

[BARONESS BENJAMIN]

market failure. It disbursed £44 million over three years and provided 50% of the funding needed to generate new content for children and young people on ITV, Channel 4 and Channel 5. It coincided with the new regulatory powers that Ofcom was granted through the amendment I proposed to what is now the Digital Economy Act 2017. I fought hard for that amendment in this House. At last, Ofcom could insist that public service broadcasters provide programmes for young people. Ofcom worked with broadcasters, allowing them flexibility to run content on their dedicated children's channels or online. It was a perfect carrot and stick approach.

However, the fund was abruptly brought to a halt when the DCMS did a deal with the BBC in the current licence fee settlement to abandon contestable funding. This was the death-knell for the young audience fund—for broadcasters, producers and the audience, who benefited from the dozens of new projects that it generated. This was a successful new way of tackling market failure. It addressed the issue of “If you can't see it, you can't be it”. For a child to truly aspire—for a child to feel welcome in their own culture and the broader culture of the country in which they live—they need to be included in the media they consume. The fund achieved this. We urgently need to create a successor to the fund to support a plural system of public service provision, such as through levies or lottery funding, not by top-slicing the licence fee.

The second policy impact on the children's audience is the BBC children's department. It is currently focusing on animation, which is expensive and will impact on the amount of commissioning of live-action content for kids. But Ofcom must not roll back the requirement for the BBC to commission content for children in a variety of genres, and at a reasonable number of hours per year. We know that the BBC plans to place all CBBC content on the iPlayer in the long term. While positioning BBC content on platforms such as YouTube could be a way of recapturing the lost audience, this should not be done at the expense of independent producers, who currently hold the rights to exploit their content on digital platforms. Clearly, there is pressure on the finance for children's content at the BBC, so we need to ensure that the BBC is funded securely and in a fair manner. Without secure and adequate funding, the BBC will short-change the children's audience and continue to lose them to YouTube, TikTok and the streamers.

Another important aspect of public service broadcasting is that it provides something for everyone. Channel 4 is currently helping the UK fulfil that promise through its commitment to 13 to 16-year-olds. A fully commercial Channel 4 would be highly unlikely to serve this niche group. Once again, public policy decisions will impact heavily on this audience. A privatised Channel 4 would not serve the young children's audience well. I am frightened to say that as a result of public policy decisions, market failure is back with a vengeance. Will the Government commit to finding new methods of funding competitive, trusted public service content for children and young people? They are the future; please, let us not fail them.

4.34 pm

Baroness Bennett of Manor Castle (GP): My Lords, I thank the noble Lord, Lord Foster of Bath, for securing this debate and for his superb introduction. I agree with every word he said about the Government's ideologically driven, utterly nonsensical proposed sale of Channel 4. I also echo the comments of the noble Baroness, Lady Benjamin, on the importance of that. I would join everyone in welcoming the Minister back, but, wary of setting off that ministerial carousel the noble Viscount, Lord Stansgate, referred to, I will not in case it might not do him any good.

On Tuesday I had an Oral Question about the teaching of philosophy in our education system. My supplementary question was about whether this could help to improve the quality of public debate and the state of the public sphere. It is interesting that I got the loudest intimations of support, from every corner of your Lordships' House, that I have ever enjoyed when I asked that question. We know that the quality of our public discourse and political debate needs to be much better. However, it could be much worse, as the noble Lord, Lord Dubs, said, pointing to Fox News in the United States. The noble Lord, Lord Gilbert, said that the Government have to answer the question, “What is public service broadcasting for?” My answer to that question is: to ensure there is a clear, funded voice expressing ideas, encouraging creativity and allowing the public to speak for the public good—not voices driven entirely by private profit and interests. I will come back to who owns the private broadcasters.

To be fair, as we are talking about public service broadcasting, I acknowledge that I have sometimes been a critic, particularly of the BBC. If the noble Lord, Lord Gilbert, thinks that the BBC is too liberal, I invite him to consider the number of appearances of Green Party representatives on “Question Time” compared with UKIP, the Brexit party and their ilk. The maths is quite astonishing. We have seen a BBC that has been “small c” conservative; it kept giving a platform to climate change deniers long after most other international media outlets had given that up and were astonished that the BBC was still doing so. In a story in the *New Statesman* only this week, looking at the BBC's economic coverage, economists express concern that the national budget/household budget analogy is utterly false and misleading for the public.

I speak as a former newspaper editor, so I know that editors have enormous pressures on them. A number of noble Lords have referred to the enormous pressures placed on the BBC in recent years. Those pressures have come from right-wing, profit-driven commercial forces. The media tycoons I referred to earlier have commercial and political interests in squashing the BBC. In recent years, sadly, their voices have been backed by the Government. They have often seemed to be joint voices, the two working together to attack the BBC and our other public service broadcasters. It is crucial that there is an alternative voice saying that we want a genuinely critical BBC which acknowledges that there are lots of different voices and approaches.

Particularly on that basis, a number of noble Lords have referred to the importance of local media outlets. Local BBC radio in particular is crucial—I appear on

it quite often because I travel around the country a lot. It is so valued by local communities, particularly in times of crisis, of which we are seeing so many now. I would like there to be thinking about how we can fund more local public sector broadcasting and media.

The reality of broadcasting now is that everything is merged together: people often get what is called broadcasting, what used to be called newspapers, and social media through one device, and they do not necessarily make much of a distinction between them. Along those lines, I return to the issue of ownership and voices. The latest Media Reform Coalition report, from 2021, pointed out that 90% of national newspaper circulation is now owned by three companies. These voices are competing with the broadcasters. DMG Media, owned by the Daily Mail and General Trust, has 38% of weekly newspaper circulation, and News UK has 32%. We need balance.

Speaking as someone with a degree in communication studies, I say that we have to start thinking about all of this as an interactive process. We are talking about broadcasting and audiences sitting there receiving the content, but we need to think much more about content created by individuals to whom technology is now available, with broadcasters picking some of that up and sharing it around. Perhaps I should declare an interest: I am probably one of the few Members of your Lordships' House with a TikTok account. I would be interested to know who else has one; I will follow them.

We have to think from the perspective of young people today and make sure that they have a voice in mainstream sources, such as public sector broadcasting. We have to make sure that they are not drowned out by a few loud—inevitably right-wing—media tycoon voices.

4.41 pm

Baroness Harding of Winscombe (Con): My Lords, I join other noble Lords in congratulating and welcoming my noble friend back to his rightful place on the Front Bench. I also thank the noble Lord, Lord Foster, for securing this debate.

I declare my interests in the register and, if noble Lords will forgive me, I will highlight a correction recently made to them. I have been undertaking work for VitriFi Ltd, a telecoms business that is part of a fund managed by Octopus Ventures, which I had incorrectly declared as working for Octopus Ventures. My entry in the register now accurately reflects that I am working directly for VitriFi, and I hope that noble Lords will forgive my inaccurate previous statement.

As many noble Lords have said, public service broadcasting and broadcasters enjoy broad public support. Inquiries by committees of both Houses have consistently found support not just for the principles of public service broadcasting but for the programmes themselves. But the world is very different from 100 years ago, when the BBC was born—both the media landscape and British society. We no longer sit in our living rooms, watching linear broadcast channels all together as a single family unit on the single family TV set: the landscape is now multimedia, multidevice and multiplatform. We have and need public service media, not just public service broadcasters.

Society is also very different from 100 years ago: it is more diverse and more open. Our digital native children and grandchildren access media completely differently from the way that we in this Chamber do and did. As we heard, viewing of BBC channels, for example, by 16 to 34 year-olds has halved over the last 10 years, according to our Communications and Digital Committee report. So, if we value public service broadcasters—I do not think that anyone has spoken today from a position other than valuing them—we should not be afraid of change. In fact, I would argue that updating and changing to reflect the modern world is essential to maintain the public glue and the very value that we all hold so dear in our public service broadcasters.

Noble Lords may call me naive, but I worry that in public debate we too quickly move to hero or villain. It is very hard for individuals and institutions to admit mistakes or that that they could do better without immediately being castigated as the villain. It is also very hard to take risks and to change if you are put on a pedestal as the hero. It is entirely possible both to be incredibly proud of an organisation, its role in society and its performance and to acknowledge that it can and should change and do better.

That is where I am about public service broadcasters in the round. Our PSBs are one of the things that hold our country together. Like many of my fellow citizens, I am incredibly proud of them. I watch and love their content, and I think they could do better. Indeed, we could help them do better. There is something for all of us in helping them to do that. As a number of noble Lords have said, legislation is clearly needed to recognise that existing rules that worked in a linear TV and radio world need to be updated to reflect the digital age of streaming and global tech platforms. Clearly, prominence rules need to be updated, but we also need things such as the Digital Markets Unit in Ofcom to be put on a firm legal footing. I ask my noble friend the Minister to confirm that that legislation will be coming soon.

There is clearly work for government to do as well. It needs to face into the difficult decision of funding the BBC. Our generation here today might just about be able to get our heads around a licence fee being linked to a television set, but that is impossible for my children, who consume almost all their media on other devices. I fear we risk the credibility of our system of funding the BBC by tethering it to an increasingly anachronistic model of media consumption—that of just the television set. I do not pretend that replacing the licence fee as it stands today is easy, but just ignoring the need for change is definitely not the answer.

As a number of noble Lords have said, the public service broadcasters themselves must work much harder to appeal to all groups, especially young people and those from more diverse backgrounds, both urban and rural. As with the funding decisions, this is really easy to say, but it is much harder to do well. That is what will mark out successful public service broadcasters and media organisations worldwide. It is those which develop platforms and programmes that make us all feel welcome and have something for all of us to

[BARONESS HARDING OF WINSOMBE]

treasure that will flourish in the future. We need our wonderful public service broadcasters to stand up to that challenge.

We as parliamentarians have a role to play as well. Our public service broadcasters are the envy of the free world, and it has been all too fashionable to bash many of the establishment organisations in this country. It is hugely important that we do not fall into that trap. Nor should we put them on a pedestal. Our role as parliamentarians should be to be hugely proud of our public service broadcasters but also to challenge them to do an even better job. One hundred years ago, it was the most fantastic moment that the BBC was born. We need to both respect and challenge our PSBs to deliver for another 100 years ahead.

4.48 pm

Lord Addington (LD): My Lords, this is one of those debates where there has been less direct confrontation and “You’re wrong and we’re right” than I was expecting, but, at the same time, there is the fundamental truth that to those of us who feel really embedded in it, public service broadcasting feels slightly under threat. I do not know why this is, other than that it has become fashionable, certainly on the right in politics, to feel that the BBC—let us face it, that is the lead organisation, the unit—is against the Conservative Party.

I feel that this is almost totally down to the fact that the Conservative Party has its behinds on the Treasury Bench. Any news organisation that does not primarily put fire under what the Government are doing is not worth having. Let us face it, if they are the people making the decisions—I point my finger towards the Treasury Bench—they will be the ones getting the criticism and being the most solidly examined. The noble Baroness, Lady Bennett, gave a little suggestion about what happens if you are not in power: you get ignored. When a party comes third or fourth in a general election, they are begging the BBC to pay them some attention. So if noble Lords want the BBC to be nicer to them, they should lose the next two general elections—it is that simple.

Having got that off my chest, I will now address some of the things that it is very unlikely that anything other than a public service broadcaster will do well. We have already heard a few examples: children’s television and science. Another is sport, particularly sport that is not immediately mainstream at a given point in time. It is a fact that public service broadcasting has proved to us that disability sport is still a contest worth watching. If Channel 4—whatever happens to it—has carved a little place in history, it is because of the huge step it took in making the Paralympics accessible. It was a massive change that went beyond sport itself: it managed to broadcast programmes in which disabled people were people who happened to have a disability, and viewers did not notice it half the time. By the way, Adam Hills playing disability rugby league for Australia and losing to Wales, while still having a smile on his face, gets my round of applause.

We can look to another sector, which is probably bigger still: the growth of women’s team sports as national institutions and events. Who is going to forget the Euros in a hurry? It is not the type of football with

which I am most closely associated, but the degree of enjoyment, celebration and success that came out of that game—the team will probably have it coached out of them by next time—was something we could embrace as a nation. The fact that 51% of the population can play sport, enjoy it, be good at it and have a degree of sheer joy in it is wonderful.

At the moment, we have yet another England team—the rugby union team—which is the betting favourites to lift another world cup. We will see what happens with rugby league. There is a lot of enthusiasm here. These sports would not have been brought to the attention of the public if it were not for public service broadcasting. There was no ready market, so nobody was willing to invest money to get them there. It takes a leap of faith to bring them forward—and that must come from public service broadcasting, because who else is going to do it? You can make a huge investment and work for 100 years to build an audience—you might be able to do it—but who is going to make that first investment? The public service broadcasters took something that already existed and said, “Enjoy it. Make sure that people are embracing it more strongly”. No matter what happens in public service broadcasting, this, among other things, is something we must encourage for the future: that minority groups, by taking part in something, are given the credit they deserve, allowing them to become mainstream. I cannot see this being done anywhere else—or in any other way going forward. If anybody has any suggestions, I am all ears.

I will make one final point: when we look at public service broadcasting, we must also remember that it is a public service. Before we get rid of it, I would turn our minds back to the pandemic. Who else other than the BBC would have taken on providing huge support to education? Who else could do it? Who else would even consider doing it on a commercial basis? Whatever the Government do, I hope they will retain that capacity for public service somewhere within our broadcasting system. If we do not, we are potentially damaging ourselves in the long run.

4.53 pm

Lord Bilimoria (CB): My Lords, one of my earliest memories of my grandfather, Squadron Leader JD Italia, in Hyderabad, India, is him listening to the BBC World Service on his radio. Last month, I visited Bangladesh. Fifty years ago, my father fought in the liberation war of Bangladesh, commanding his battalion. He was General Bilimoria at that time, later Lieutenant Colonel Bilimoria. He commanded his battalion of the second 5th Gurkha Rifles, Frontier Force, that liberated Pirganj and Bogra, while another battalion of the same regiment of 5th Gurkhas liberated Sylhet, where the vast majority of the Indian curry restaurant owners come from. In fact, the liberation of Sylhet was helped by the BBC broadcasting that the brigade of Gurkhas was landing in Sylhet, which put the fear into the enemy.

I thank the noble Lord, Lord Foster, for initiating this excellent debate and give many congratulations to the BBC. It was born on 18 October 2022 and, of course, we know that is principally founded through the television licence fee. I also congratulate Channel 4 on its 40th anniversary, which is publicly owned but

commercially funded. As the noble Baroness, Lady D'Souza, said, in public broadcasting there are three principles: universality of access, accuracy and impartiality, and independence.

Will the Minister acknowledge that as many as 60 British TV production companies could face going out of business if Channel 4 is privatised? We heard recently from the Government, on 27 October, after Rishi Sunak became Prime Minister, that they are carefully considering the business case for a sale of Channel 4 and will set out more details in due course. Can the Minister elaborate on that, please, and confirm that Channel 4 will not be privatised? Furthermore, as many other noble Lords have mentioned, on 24 October the Government said they would introduce a Bill when parliamentary time allows. When will we have that Bill before us?

The BBC World Service is predominantly funded by the licence fee. It faces serious financial challenges: high inflation, soaring costs and a cash-flat licence fee settlement. It continues to receive grant-in-aid funding from the Foreign, Commonwealth and Development Office, and there is a strong case for more investment from government over the coming weeks in order to minimise more damaging cost savings next year. Can the Minister reassure us where the BBC World Service is concerned?

The BBC has been a cornerstone of Britain for the last century, with its mission to educate, inform and entertain. It has brought people together around the country. It has been at the forefront of Britain's biggest moments over the years and, most importantly, this has all been possible thanks to its values. Some 90% of UK adults use a BBC service every week and audiences around the world bank on the BBC to get impartial news. That was proven by the Ukraine war, during which audiences for the BBC Ukrainian website have more than doubled.

Some 48% of people are more likely to turn to the BBC for news than they trust. Do you know the next highest station? Sky is on 8%, ITV News is on 6% and the *Guardian*, 5%. The BBC is way ahead. The BBC generates almost £5 billion of economic output. Every £1 of economic output generated by the BBC generates almost three times as much for the economy, and approximately half the BBC's GVA was generated outside London. It works with 334 producers and supports more than 53,000 jobs—and all this is fantastic value at less than 50p a day. Some 44% of adults back the licence fee. That is higher than 15 or 30 years ago, when the figure was 28% and 31% respectively. In lockdown, we saw how beneficial the BBC was to our children, with almost 6 million of them using it at its peak.

As chancellor of the University of Birmingham, I have seen the fantastic broadcasting of the Commonwealth Games, which we were so proud of. The top market for BBC News around the world is India, with 70 million viewers, including my 86 year-old mother in Dehradun. Of course, the BBC also encourages people to do business with the UK. It inspires people to visit the UK. It inspires international students like me to come and study in the UK. As co-chair of the All-Party Parliamentary Group for International Students and president of UKCISA, I can vouch for that.

Most importantly, the BBC is associated around the world with the amazing respect Britain has as a country for fairness, integrity and impartiality. I have said many times that the UK has one of the strongest combinations of hard and soft power in the world. If you rank the top three elements of soft power, the Royal Family is first, thanks predominantly to Her Majesty Queen Elizabeth II and her 70-year reign, and, of course, now King Charles III. Secondly, there is Premier League football, watched by almost 1 billion people around the world, with the top teams having hundreds of millions of followers. The third is the BBC.

The BBC is trusted. A Harvard Business School professor of mine, Frances Frei, described trust as a triangle: to get trust, you must be authentic; you must have the logic, the ability and professional capability to deliver what you are promising; and you must have empathy. The BBC has all three of those in spades. John Simpson, the famous broadcaster, said: "It is the BBC that opens those doors, not me." It is those magic initials. The BBC means honesty.

We are very fortunate to have the BBC. We are lucky; we should never, ever take it for granted. All I can say is "Thank you, thank you, thank you" to the British Broadcasting Corporation.

4.59 pm

Lord Inglewood (Non-Affl): My Lords, I start like many other speakers by saying how appropriate it is that the noble Lord, Lord Foster, has instituted this debate, first, marking as it does the Minister's return and, secondly, celebrating the BBC's 100th birthday. It is now older than each and every Member of the House of Lords—and I am confident that it will stay that way.

During that past century, the BBC has become a real UK-wide and global institution and brand and, taken as a whole, has been a real force for good during both peace and war. In terms of its current place in the UK, it and the National Health Service seem to be the two most significant institutions that have emerged.

At its start, the politicians and broadcasters were quite right in insisting that the Government were to get nowhere near the day-to-day running of the corporation and that political interference should be nowhere near our national—and, in those days, monopoly—broadcaster. It is from this that public service broadcasting, or what the noble Baroness, Lady Harding, called "public service media", has evolved, combining the requirement of non-partisan political news and comment with the need to provide other things for society as a whole. This has obviously developed further with the establishment of ITV and then our other public service broadcasters in the ensuing years. Channel 4, in my view, is a little bit different in some respects, and I will try to explain that later.

One of the heresies of contemporary Britain is that there is an overweening tendency to believe that we are exceptional—generally, we are not. But, as far as I can see it, there is a fair case to be made for saying that the quality of broadcasting—using that word in a wide sense in an internet world—is not surpassed anywhere else. This is something of which we should be proud, for which we should be grateful, and which we should cherish.

[LORD INGLEWOOD]

I mentioned Channel 4 which, as has been said, also has a significant birthday this year. If we look at its history, how it has evolved and the way in which it has been established in law by Parliament, it seems clear that, even if at one time it was a mere broadcaster, it now has a distinct role and purpose in helping and supporting our independent broadcasters and young businesses to break into the national and then the international market, which is hugely important from a UK economic perspective. Its function now is, in some respects, much closer to something in the third sector than being purely commercial. It is for this reason that the suggestion that it be privatised calls to mind the phrase “breach of trust”. Apart from anything else, I really cannot see how privatising Channel 4—for what, in the context of the national finances, is a mess of pottage—tallies with what it should be doing.

Since we are celebrating anniversaries, I remember 25 years ago—I do not expect that many other noble Lords will—when I was Minister for Broadcasting. What is dramatically clear is that the media was very different then in all respects from what it is now. No longer is spectrum the key; in the age of the online world, that has changed. While it is important, television and broadcasting are only a part of something much larger.

The question, then, is whether public service broadcasting is still relevant. I think it is. Not merely must even-handedness be embedded in at least some news provision that is available free to all—after all, we have seen how fake and dishonest news is universal and its impact is invariably malicious and carcinogenic—but the availability of quality broadcast material over a range of genres is a complement to the educational and cultural remit of the contemporary UK state, at least for the time being. It is part of society’s information and societal infrastructure.

One of the big questions is how to pay for the BBC, not least when the use of television sets is far from universal, as has been said. I have always thought, although I may be heterodox, that the licence fee is essentially a charge, not a tax. I suggest that it should be treated as such. I would attach it to the council tax for onward hypothecation, rather than having the BBC bankroll the cost to certain deserving categories that should be dealt with as part of the mainstream element of the welfare system.

What about the non-licence fee-funded broadcasters? Clearly, spectrum and EPG prominence have some value, but is it enough to sustain this important part of the public service offering beyond the commercial revenues they can generate? I do not know the answer to that; it needs to be thought about carefully.

Nobody would have set out to create the system of public service broadcasting we now enjoy. It has evolved in a peculiarly British way into something that works, and we should be proud of it. We must not curtail the evolutionary processes of technology and the way the world works; if we do so, it will die, and everyone will be the loser.

5.05 pm

Lord Razzall (LD): My Lords, like many other noble Lords, I welcome the Minister back to his role. I think the unanimity of view shows the esteem in which he is held in all parts of the House. I do not normally intervene in these debates, not only because my daughter has worked for Channel 4 and is now the arts and culture editor of the BBC but because many colleagues across all parties are more expert on these topics than me. However, I cannot resist speaking in this debate in the light of recent attacks on both the BBC and Channel 4.

It all started with the Johnson Government in 2019. If noble Lords remember, such was his antipathy to the BBC—probably egged on by Dominic Cummings—that for a long time you were more likely to hear the captain of the England women’s cricket team on the “Today” programme than a Cabinet Minister. This was followed more recently by the proposal from Nadine Dorries—who is rumoured soon to be joining us—to privatise Channel 4. The proposal was clearly based on such intimate knowledge that she believed Channel 4 to be funded by the taxpayer. As the noble Lord, Lord Bilimoria, has said, it was clearly made without any thought for the impact on independent production companies, many of which rely on Channel 4 for their very existence. The proposal was also clearly opposed by Channel 4 management. Normally a privatisation is welcomed by the company’s management, but, notably, not in this case.

The final straw for me has been recent attacks on the BBC and its funding model, which are putting its very existence as we know it in danger. As noble Lords have said, “Inform, educate and entertain” was the rubric for the BBC when it was established by John Reith. Can there be any doubt that, over 100 years, without the BBC many critical world events would not have been captured so vividly? I name a few: the Cuban missile crisis in 1962, the 1966 World Cup victory—apologies to the Scots—and the recent war in Ukraine. In all those cases, the BBC has been at the forefront of stellar reporting. We have clearly been informed. As for education, the Open University could not have been established without the BBC’s participation and, as the noble Lord, Lord Addington, indicated, during the pandemic, education could not have survived without it.

Then there is entertainment. I always worry about politicians talking about the BBC, because I think they think it is all about politics, news and comment. It is not. For most people, it is all about entertainment. I am sure all noble Lords are aware of the pleasure given to millions by, for example, “EastEnders”, “The Archers” or “Strictly Come Dancing”—I am sure most noble Lords have heard of them—let alone the export revenue from BBC-produced shows.

Why do the Government seem so hostile to public service broadcasters, particularly the BBC and Channel 4? I believe it is ideological. I think the desire to sell off Channel 4 came from Johnson’s refusal to appear on a political programme and being replaced by a block of ice. I think the desire to clip the financial wings of the BBC comes from the belief on Tory Benches that it is full of nasty lefties biased against a Tory Government.

Oh, yes? Nick Robinson, formerly its political editor and now a presenter on the “Today” programme, used to work for Tory central office; Tim Davie, the director-general, stood for Hammersmith council as a Tory in the White City ward, and chair Richard Sharp was at one stage, I believe, a Tory donor—hardly nasty lefties.

The fact is that every Government think the BBC is against them. It is because a key role of the BBC is to hold Governments of all persuasions to account. Noble Lords should have heard Alistair Campbell’s views about the BBC when he worked for Tony Blair. The Johnson Government started on a path in 2019 to curb many of the key pillars of our society. The judiciary: remember the so-called “traitors”? The Civil Service: let us sack Permanent Secretaries who disagree with us. The parliamentary system: remember Prorogation? After 100 years of the BBC and 40 years of Channel 4, now is the time for the Government to return to what I always thought was the *raison d’être* of the Conservative Party—to conserve what is best in our society. I say to the Government, “Keep your hands off our public service broadcasters”.

5.11 pm

Baroness Bonham-Carter of Yarnbury (LD): I thank my noble friend Lord Foster for his characteristically excellent opening speech to this debate and welcome the noble Lord, Lord Parkinson, back. Keeping up the “Doctor Who” theme, I see him as the David Tennant of the House of Lords Benches.

The origin of the word “broadcast” was “to sow seed widely”, and that is what our PSBs have done, beginning with the BBC and its mission to inform, educate and entertain. They have made culture, news and other people’s experiences and lives available to all. Before the BBC started universally beaming into homes via the radio, the vast majority of the population did not have access to plays, stories and music. I heard Harold Pinter recollecting, in a recent programme, how, as a working-class teenager, listening to the Third Programme opened up a new world and set him on his creative path. He was not alone: it led to the formation of a whole new generations of artists.

Factual programmes such as “Woman’s Hour”, established in 1964, linked women with each other in a ground-breaking way, allowing isolated individuals to understand that their experience was not unique. Then there are the programmes for children. Just go for a stroll with my noble friend Lady Benjamin anywhere and her “Play School” babies flock, united in shared memories.

It was the BBC that came up with the idea of television. There was radio and there were the movies. The BBC put the two together, movies and radio, and it has continued to lead as an innovator—not something that has been much mentioned in this debate—working in the public interest with the likes of iPlayer and BBC Sounds, not just establishing new technologies but setting standards for the whole media industry. It led on rolling out the digital switchover and created two new consumer platforms, YouView and Freeview Play, which made online TV available to all UK audiences.

Every £1 of BBC R&D spend contributes up to £9 in value to the UK creative industries and beyond. As the noble Lord, Lord Gilbert, and my noble friend

Lord Foster said, the streamers love the UK partly because of this trail-blazing R&D, as well as the skills and infrastructure that the BBC and other PSBs provide. Companies such as Netflix, Amazon and Disney have flocked to these shores, making the UK their production base because, as my noble friend Lord Clement-Jones has already said, they get what our PSBs contribute and they understand the value of investing in them. Netflix alone is involved in more than 40 co-productions in the UK, worth tens of millions of pounds.

“A big benefit of a co-production model is we have partnerships with PSBs that have great creative instincts. We defer to them creatively.”

Those were the words of a Netflix executive.

However, the Government do not seem very grateful. They do not seem to understand what the streamers do. As my noble friend Lord Foster said of the BBC, they have consistently undermined an institution that is the backbone of these creative industries, doubling its money, as the noble Lord, Lord Bilimoria, said, so far as investment in the creative economy goes. It is a rare sector of the economy that still, despite all the efforts of Brexit, thrives.

The effect of initial BBC spending multiplies as it ripples through the economy, from region to region and sector to sector. It is pivotal in supporting our creative industries through the innovations I mentioned, but through skills and training as well. It feeds directly into levelling up. We have a Secretary of State for levelling up, so I presume it is still a government commitment. The BBC makes programmes across the country, boosting local economies and utilising local skills. It costs 44p a day and offers exceptional value, supplying British content via television, radio and the internet, universally available to everybody, in all parts of the UK.

As the noble Viscount, Lord Stansgate, said, it supplied a lifeline through the pandemic, providing news that the public trusted and essential support through Bitesize. The noble Lord, Lord Addington, mentioned how women’s football found its audience through pioneering coverage on the BBC, and now Harry Kane invokes the Lionesses as the World Cup team’s inspiration. It supplied superb coverage of Her Majesty Queen Elizabeth’s lying in state and funeral and, as my noble friend Lord Razzall mentioned, the BBC and our other PSBs supply top-quality journalism in covering the war in Ukraine—not something the streaming services will ever provide.

Yet, as the noble Baroness, Lady D’Souza, pointed out, this Government’s 100th birthday present to the BBC is to freeze the licence fee, effectively depriving it of £3 billion over the next five years. We think the Government are putting their determination to weaken the BBC before the national interest. Most recently, we have seen the consequences for the World Service, mentioned by so many across the House, such as the loss of 382 jobs and changes to delivery that mean nearly half of all 41 language services will become digital only. Of course we have to move with the times, but these cuts involve BBC Arabic radio and BBC Persian radio, both of which will cease. Digital is accessed via the internet, and the internet can be shut down by tyrannical Governments, as we are witnessing at the moment in Iran.

[BARONESS BONHAM-CARTER OF YARNBURY]

Does the Minister not agree with a former Foreign Secretary—a certain Boris Johnson—who described the BBC as the

“single greatest and most effective ambassador for our culture and our values”

and a crucial contributor to Britain’s role as a “soft-power superpower”? In which case, can the Minister answer the question from these Benches and from the noble Lord, Lord Bilimoria, about why there is not more funding?

As my noble friend Lord McNally brought to our notice, the cuts to local radio are equally alarming. In the words of NUJ officer Paul Siegert:

“This is the biggest threat facing local radio since it launched in 1967. The key to its success over the past 50 years has been its localness.”

Does the Minister not agree, and how can local radio be local when it comes off air at 2 pm? Just last month, local radio stations took turns to interview the then Prime Minister, Liz Truss. The quality and depth of BBC local journalism was on display, and it was a triumph for local accountability and the power of local media. Does the Minister not agree that these cuts in radio, both across the World Service and domestically, provide an incredibly convincing argument as to why we should protect and finance the BBC properly?

I am afraid that the Government’s gloomy attitude extends beyond the BBC to public service broadcasting in general, with the threat to Channel 4 through privatisation. As so many people have talked about this, I am going to cut my speech on this point. However, contrary to what the April White Paper claims, and due to the expansion of its digital channels, Channel 4’s viewing demographic is young and diverse, and advertising revenue has increased over the last two years. The fact is that Channel 4 is in rude financial health and does not need privatisation to prosper. The Secretary of State has said that she will re-examine the business case. I hope the Minister accepts that the figures in the government paper need re-examining, too—as the noble Viscount, Lord Colville, said—as many are plain wrong. The other pressing need is for a media Bill, as many noble Lords have said, both to ensure prominence and to reform listed events.

In the words of Sir Peter Bazalgette:

“One of the justifications for the intervention in the marketplace that is the BBC is the value of the creative industries democratically, culturally, socially and economically.”

That is the point. Our public service broadcasters are much more than what we see on their screens, and the BBC’s original mission has never been more important. The first episode of a recent programme “How the BBC Began” was titled “Accident and Opportunity”—how true. As the noble Lord, Lord Inglewood, said, the BBC is a unique and glorious aberration. Once gone, it is never coming back, and with it go our other public service broadcasters. The BBC is 100, ITV is 67, Channel 4 was 40 yesterday—long may they last.

5.21 pm

Lord Bassam of Brighton (Lab): My Lords, in common with other noble Lords today, I congratulate the noble Lord, Lord Foster, on securing this debate and giving

us something of a tour de force of a speech. There have been many tours de force this afternoon—probably too many to list—and I have enjoyed them all. While we are on the business of congratulations, I join others and reaffirm my earlier congratulations to the noble Lord, Lord Parkinson, on his bouncebackability. It is a good cause for celebration. Whatever the reason for his departure under the Truss regime changes, we all feel reassured by his return.

This has been a wide-ranging debate, all about modernisation and modern media, and quite a lot about nostalgia. We should remind ourselves of some things about public service broadcasting. In recent years, particularly during the Covid pandemic, as I think the noble Lord, Lord Bilimoria, touched on, its value has been brought home because of its trusted nature and its ability not only to provide news and advice at the same time but to do much more than that—to entertain us when we need it most and to act as a key tool for children and young people in the absence of their usual school day.

TV these days is a formative part of a child’s experience, as the noble Baroness, Lady Benjamin, reminded us, in a way that is very different from my childhood. Indeed, when I was thinking about this debate today, I was reminded that I did not watch a television until the age of eight—something unthinkable today, when TV screens are everywhere and catch-up enables us to tune in to whatever, whenever.

Indeed, I recall my mother being deeply sceptical about the merits of children watching TV at all. She was oddly rather relieved when we moved to a house served only by gaslight rather than electricity. Later, when I was older, she said that at least she did not have to think about the issue.

My early broadcasting experience as a consumer was with radio, in the days of the Home Service, the Light Programme and the Third Programme—which I was told was only for posh people. Then, of course, there was the Empire Service, later rebadged as the World Service. Now it is a very widely respected output, one that—as many colleagues this afternoon have said—is trusted for its reliability but has, unfortunately, been threatened by the decreases in funding over the years.

I knew nothing of current affairs and politics until TV arrived in our household and the outcome of the 1964 general election became a topic of conversation. Nowadays we can have all this as a wall-to-wall subject, manipulating content to suit our personal preferences. Of course, today the modern Conservative Party has seemingly done its best to keep BBC News and Channel 4 busy with wall-to-wall coverage of its own soap and psychodrama, particularly over the last year—something that I must say I have greatly enjoyed. It is a form of entertainment.

More seriously, the broadcasters have played out the game of politics in front of us in a way that I think has been incredibly balanced, informing while trying to keep us up to date with the latest twists and turns. In a strange way, I think they have proven their value as impartial observers, casting questions in the right direction, by the way in which those stories have panned out.

We had excellent coverage following the sad passing of Her Majesty Queen Elizabeth II in September. The BBC reports that 32.5 million people tuned into the Queen's state funeral. That was an enormous number of people paying close attention, far more than watched the Queen when she was crowned back in 1952. Huw Edwards was a calming, reassuring, measured presence during that tumultuous time and, as something of a national treasure, many will share his sentiments on the BBC. As he says, it offers

“very good value for money”

and represents

“100 years of incredible achievement and some of the best programming in the world.”

It is hard to dispute those words.

As well as celebrating the BBC's centenary, as many noble Lords have said today, we should also congratulate Channel 4 on its 40th anniversary, which was marked yesterday. Contrary to assertions made by the Government in recent years, Channel 4 continues to reinvent itself. It has the biggest free streaming platform in the UK and is constantly evolving its offering, supporting independent production companies and emerging talent across the whole of the UK. As noble Lords have reminded us this afternoon, if we privatise Channel 4 and go down that route, many of those production houses and companies will simply disappear.

If left by Ministers to get on with its work, Channel 4 is well positioned to continue playing an important public service role for many years to come. Yes, the Government have raised questions about its future funding, but privatisation is not the only answer. Channel 4 has a well-advanced alternative business plan that addresses the issues the Government claim exist as a threat to its success. As others have said, we know that the Secretary of State for Digital, Culture, Media and Sport has been reassessing the business case for its privatisation. Can the Minister confirm where the Government have got to on this? Either they have gone very quiet or a review has found its way into the long grass.

Can the noble Lord please reassure us that we shall have the much-needed media Bill? The noble Lord, Lord Foster, made that point very persuasively and the noble Baroness, Lady D'Souza, and others followed. We need to know because there is so much uncertainty out there. Some of the issues that are very much alive, such as prominence and a sense of mission for our media, need to be dealt with in a modern and updated piece of legislation.

I also want the noble Lord to take the opportunity to correct the record concerning Channel 4's chief executive officer's remuneration package. On 21 July, he told the House that Channel 4's boss receives

“more than the chief executive of ITV”,—[*Official Report*, 21/7/22; col. 2032.]

yet, according to both organisations' annual reports, that is simply not the case, so perhaps the noble Lord can offer a correction. Channel 4 may be a specialist in commissioning alternative programming, but discussions about its future should not be based on alternative facts.

Of course, neither Channel 4 nor the BBC is without its faults. Just this week, we heard of the BBC's plans to radically shake up its radio offering. Local BBC radio stations inform and entertain millions across the country. We also saw during Liz Truss's short spell in office that the BBC local radio presenters are excellent journalists. They were asking the hard questions, putting the Prime Minister on the spot and holding her to account perhaps more effectively than we are used to. It was a service to the nation.

The BBC has not covered itself in glory in recent days with its announcement and we should not shy away from saying that, but one answer is for the Government to provide it with greater clarity about its long-term future. The plans it outlined do in part have a direct relationship to the Government's decision to cap the licence fee at £159 and effectively take some £250 million of revenue out that would otherwise have been available to the BBC for its programming. That reduction made it inevitable that change to service levels would take place, but whether they are the right ones must be open to debate.

Just as Ministers have threatened Channel 4 with privatisation, the BBC has been threatened with the withdrawal of the licence fee, with no feasible alternative proposal in its place. We know that licence fee payers have been diminishing in number—a challenge that the noble Lord, Lord Gilbert, the noble Baroness, Lady Harding, and others raised in their plea for us to think big in the future. We need to understand why those licence fee numbers are shrinking and what that means and implies for the future funding of the BBC. It is for the Government to lead the debate there, in a constructive way that recognises the value of this great institution.

The BBC has served our country well for 100 years since its inception. We benefit from its history and legacy and, as others have said, we undermine it at our peril. Not only is it rightly admired worldwide, rather like our National Health Service, but its reputation, despite periodic political attacks, remains high. For a whole variety of reasons, many of which have been given clear and distinct voice during the debate, we should cherish and nurture our public service broadcasters, guaranteeing their future rather than throwing it into doubt. Broadcast media, like all others, live in an era of rapid change. As the noble Baroness, Lady Harding, said, our role is surely to create a framework in which we as parliamentarians provide opportunities for change and renewal and encourage it in a way that strengthens, rather than weakens, the broadcasting ecosystem.

We can only hope that the arrival of the third Prime Minister in as many months, who we are told is a grown-up, will see a ratcheting down of the threats to public service broadcasting outlets and a more mature discussion about the issues that currently face all broadcasters. There are decisions to be made about funding, listed events, new markets, prominence, missions, purpose and so on, but they must be taken in the national interest, not in a narrow party-political interest, with the widest possible public debate and engagement in a well-informed way. There is much in that menu for the Minister to respond to.

5.33 pm

The Parliamentary Under-Secretary of State, Department for Digital, Culture, Media and Sport (Lord Parkinson of Whitley Bay) (Con): My Lords, this has been a very spirited and thought-provoking debate, and a very enjoyable one for my first time back at the Dispatch Box. I warmly congratulate the noble Lord, Lord Foster of Bath, on securing it. He encouraged me to sign up to speak from the Back Benches and I had done so, but it is a delight to be responding with a bit more time from this position.

The noble Lord's Motion encourages us to look to both the future and the past, but perhaps I should start with an observation about the present. It seems to me that we in the UK today are very lucky to benefit from a vibrant and diverse broadcasting sector. We have access to hundreds of television and radio channels, each of them unique. These are in turn supplied by a wealth of creative talent and distributed in innumerable ways, some cutting-edge and others which would be familiar even to the late Lord Reith himself—although I wonder whether he might have mellowed in his opinions on jazz.

Moreover, it strikes me, taking the long view, as today's Motion invites us to do, that that success is due in no small part to the work of the BBC, first as the pioneer of radio, and later television, broadcasting, and then, over time, providing a different role, an important foundation on which so much else of our broadcasting heritage is built.

As the noble Baroness, Lady Bakewell said, 1922 was a very special year. It marked the publication of TS Eliot's "The Waste Land" and James Joyce's *Ulysses*, one of which I have read repeatedly and the other of which I am still struggling through, but both of which I have learned a great deal about in this centenary year thanks to the BBC's programming about them.

However, as we heard, a lot has changed since 1922. The BBC is no longer our only broadcaster; indeed, it is not our only public service broadcaster. Strictly speaking, it is one of six but, taking a more rounded measure of public service, we might also include our eight local television providers and hundreds of local and national radio stations in that list. That does not even include all the programmes created and shown by commercial broadcasters that are nevertheless public service in nature.

The need for public service broadcasting in this country is as strong as ever it was. Whether that is breaking news footage of Russia's illegal invasion of Ukraine, or lessons for children stuck at home during the pandemic, it is vital that our broadcasters understand the positive impact that they can and do have on our life in the United Kingdom: on our culture and values, on our economy and on the very cornerstones of democracy. They play a key role in bringing the nation together at our moments of greatest celebration and our moments of deepest sadness.

In particular, I echo the tributes paid by other noble Lords to our public service broadcasters, especially the BBC, for their thoughtful and respectful coverage following the recent death of Her late Majesty Queen Elizabeth II. As the noble Lord, Lord Bassam, said,

more than half the country, 32.5 million people, watched the BBC's coverage of the state funeral, and millions more watched it on ITV: a powerful example of what public service broadcasting can and should be about.

I agree with my noble friend Lady Harding that, in Parliament, it is our job as parliamentarians to hold public service broadcasting to account but also to provide a legal and regulatory framework which encourages and supports the contribution that the BBC and others make. Part of that framework, of course, includes the media Bill, which noble Lords in great number have asked about, understandably, today. Let me highlight what my right honourable friend the Secretary of State said last night in your Lordships' House—not in the Chamber but in a reception held here. She said she is fully committed to introducing legislation to make sure that we are regulating in a way that is fit for the modern era, and that we will be coming forward with the media Bill shortly. I am afraid I cannot be more precise than that, but I am happy to echo her words that we will do that soon.

I will start with the legal and regulatory framework for the BBC. In January, the Government announced that the licence fee will be frozen for the next two years and will rise in line with inflation for the following four years. That means that the cost of the licence fee will remain fixed at £159 until April 2024, before rising in line with inflation until April 2028.

Concerns about the cost of living have been echoed in your Lordships' House today and were central to the Government's decision. The settlement aims to support households at a time when they need that support most, while also giving the BBC what it needs to deliver on its important remit. Under the settlement, the BBC will continue to receive around £3.8 billion in annual public funding, allowing it to deliver its mission in public purposes and to continue doing what it does best.

We believe that this is a fair settlement which strikes the right balance between protecting households and allowing the BBC to deliver its vital public responsibilities, while encouraging it to make further savings, efficiencies and innovations. The Government's longer-term road map for reform of the BBC sees two forthcoming milestones as we prepare for the next review of the BBC's royal charter: the ongoing mid-term review and the planned BBC funding model review. I will address each of those in turn.

At this point, half way through the charter period, work has already begun on the mid-term review. That will function as a health check, conducted by the Government and examining how effectively the governance and regulatory arrangements introduced by the current charter, such as the move to the new unitary board, are performing, and whether further reforms are required. The Government are interested in the success of the BBC's governance and regulatory arrangements in enabling progress against our ambitions for greater impartiality, an effective complaints system and a BBC that represents the breadth of the audience it was established to serve.

That is not just about how well the BBC is doing. We also want to look at the effectiveness of the framework by which Ofcom holds it to account. The Government

are seeking to conclude the review swiftly and to report on its findings next year. At the same time, the BBC's funding model faces major challenges, due to how people consume media, as we have heard in this debate. Technology has revolutionised how, when and where audiences can access and watch content. An increasing number of households are choosing not to hold a TV licence as fewer people choose to watch live television or other activities which require a TV licence. If this trend continues as expected, that presents clear and looming challenges to the sustainability of the licence fee.

It is not just the Government who have these concerns. They have been echoed in today's debate. *Licence to Change: BBC Future Funding*, the report of your Lordships' Communications and Digital Committee under the chairmanship of my noble friend Lady Stowell of Beeston, whom I had the pleasure of sitting alongside, albeit briefly, in the last few weeks, found that the drawbacks to the current licence fee model are becoming more salient. We must consider how best to fund the BBC over the long term so that it can continue to succeed. It is therefore right that we examine the future of the licence fee. The Government will set out further detail on their plans in due course.

The BBC forms just one part of the UK's vibrant public service broadcasting system. Our six public service broadcasters provide a wealth of important content—news and current affairs programmes which help us understand the world around us, original, distinctively British programming which shapes our culture and reflects our values, and programmes made in all corners of our nation and broadcast around the world.

The noble Baroness, Lady D'Souza, the noble Lord, Lord Bilimoria, and others, were right to praise the important work of the BBC World Service. The Government strongly support the BBC's mission to bring high-quality and impartial news to global audiences in some of the most remote places in the world, particularly those parts of our globe where free speech is limited. The BBC is operationally and editorially independent from the Government, so decisions over its spending and services are a matter for the BBC, but the Foreign, Commonwealth and Development Office is providing the BBC World Service with over £94 million annually for the next three years, supporting services in 12 languages and improving key services, and that is in addition to the nearly £470 million which the Government have already provided through the BBC World2020 programme since 2016.

The noble Lord, Lord Dubs, was right to highlight the bravery of BBC journalists who report for the World Service, particularly in Iran. We regularly raise the harassment of BBC Persian staff directly with the Iranian Government as well as in multilateral fora, but I wholeheartedly agree with his tribute to them. Moreover, our public service broadcasters complement their commercial competitors by raising standards across the industry by investing in skills, boosting growth and taking creative risks. They drive growth in our booming production sector by commissioning distinctive public service content and supporting the hundreds of independent production companies that are the lifeblood of that sector.

This contribution is not limited to television. As the noble Baroness, Lady Bonham-Carter, noted, in celebrating 100 years of the BBC, we are celebrating 100 years of BBC radio. Since listeners first tuned in to daily news bulletins on its 2LO service, BBC radio has been a pioneer of public service content, from great drama to ground-breaking comedy, the newest music and the greatest of old, not least through its orchestras and choirs. Radio is also changing, as more and more people consume audio content online. With its unique position in the radio market, I hope we can have confidence that the BBC will continue to evolve to deliver high-quality and engaging audio services to the country and the globe over the years to come.

The noble Baroness, Lady Bonham-Carter, and others raised the announcements this week about changes to BBC local radio stations. Again, the BBC is rightly operationally and editorially independent of government, but the Government are disappointed that it is reportedly planning to make such extensive cuts to its local radio output. In an Answer to an Urgent Question in another place earlier this week, my honourable friend Julia Lopez set out that she is meeting the BBC next week and will be conveying to it the views raised in that Urgent Question. We wait to hear more from the BBC on how it expects these changes to affect local communities, including the provision of local news and media plurality.

As noble Lords have noted, it is not just the BBC celebrating an important birthday this year. On Tuesday, Sianel Pedwar Cymru, or S4C, the UK's Welsh language television broadcaster, celebrated its 40th birthday. S4C is a great example of how our public service broadcasting provides for every part of the UK, not only providing an opportunity for Welsh speakers to access content in a language familiar to them but supporting the Welsh economy, culture, and society.

Channel 4 also celebrated its 40th birthday yesterday. It is an integral part of our public service broadcasting system and a great UK success story. Over the past four decades, Channel 4 has done an excellent job in delivering on its founding purposes, providing greater choice for audiences and supporting the British production sector, including in the diocese of the right reverend Prelate following its move to Leeds. The Government want Channel 4 to continue to deliver for audiences for the next 40 years and long beyond. My right honourable friend the Secretary of State is carefully examining the business case for the sale of Channel 4 and will set out further detail on our plans for the future of the channel in due course. As the right reverend Prelate and others said, there is much to be considered. The principal conclusions of the Government's review of public service broadcasting were set out in our White Paper earlier this year and my right honourable friend will be able to draw on those conclusions when considering her decision.

I am grateful to the noble Lord, Lord Bassam, for giving me the opportunity to correct the record. He is right to pick up on an answer that I gave when last in this post, stemming from a confusion between salaries and total remuneration packages. One of the last things that I did before leaving was to write a letter to the Library of your Lordships' House setting that out for

[LORD PARKINSON OF WHITLEY BAY]

the record; if it was not sent, I will make sure that it is. I am grateful for the opportunity to do that from the Dispatch Box.

Continuing with birthdays, as the noble Lord, Lord Inglewood, will remember particularly well as a former Broadcasting Minister, in March this year Channel 5 turned 25. It continues to make a vital contribution to the UK PSB system through its provision of news and its unique focus on children's television.

Our two other public service broadcasters, ITV and STV, continue to play an important role both on and off the screen. Last year, STV was the most watched peak-time television channel in Scotland for the fourth year in succession, and in 2019, the most recent year for which detailed data are available, ITV spent more than £250 million outside London, directly employing more than 2,000 staff and indirectly supporting many more. That is not to mention its 3,000 hours of national and regional news, with "STV News at Six" having held Scotland's number one news programme slot since 2019.

However, despite these ongoing successes, there are also challenges ahead for our public service broadcasters. I have referred already to some of the specific challenges facing the BBC, but in many ways, they are symptomatic of broader changes in the sector, which create both opportunities and risks. One of those is advances in technology. Just as the advent of cable and satellite services revolutionised broadcasting in previous decades so internet-delivered services are revolutionising it now, creating new distribution methods and potential business models. It is notable, for instance, that 79% of households with a television set now choose to connect it to the internet.

Changing consumer habits are also a factor. Today's viewers now have huge choice in what they watch and how they watch it, and are taking advantage of that choice. Two-thirds of households subscribe to video-on-demand services like Netflix and Disney+, and in September 2021 YouTube reached 92% of online adults in the United Kingdom. Viewers are shifting to different platforms, types of content and modes of viewing: telephones, laptops, short-form, long-form, on-the-go and around the house. To be a successful modern broadcaster, it is important that broadcasters make their content available in a multitude of formats across a wide range of devices and platforms.

Increased competition is also changing the sector. New global players, particularly US-based streamers, as noble Lords have noted, are using their greater financial resources to compete with both our public service broadcasters and our commercial ones. That is not just a question of competition for viewers but for the programmes they show. In 2019, the public service broadcasters in the UK were collectively able to spend just under £2.8 billion on new content. At the same time, Netflix alone spent an estimated £11.5 billion on production globally.

In April this year, the Government set out their proposals for supporting our public service broadcasters, using our new legislative freedoms to deliver a regulatory framework which works in the best interests of the UK. We were able to draw upon much previous work, including the report of the Communications and Digital Committee of your Lordships' House, at that time

chaired by my noble friend Lord Gilbert of Panteg. As a result, the White Paper contained a number of proposals to support British broadcasters to prosper in this new media environment.

The first of these relates to prominence. An important part of our public service broadcasting system is ensuring that public service content is readily available to as wide an audience as possible and easy to find. But as audiences increasingly watch content online, our broadcasters, including the BBC, are finding it increasingly difficult to secure and maintain their presence on global platforms. We announced in our White Paper plans to legislate for a new online prominence regime, so that PSB content is made available and given protected prominence across designated TV platforms. Building on Ofcom's recommendations, we believe that legislating for prominence will not only support the future sustainability of public service broadcasters; it will also mean that viewers can continue to find the content they value. We understand, and share, the concerns of our public service broadcasters that action to address this issue is needed as soon as possible. I am glad to hear that echoed in today's debate.

I also want to touch briefly on the listed events regime, which helps to ensure the free and universal availability of key moments from some of our most loved sports. In recognition of the key role that our public service broadcasters play in distributing content which is distinctively British and of interest to audiences in the UK, the Government have announced their intention to make qualification for the listed events regime a benefit specific to our public service broadcasters. This will ensure that they have the opportunity to show national sporting events such as the Paralympic Games and the Women's EUROs, both rightly praised by the noble Lord, Lord Addington, for years to come. We are considering whether digital rights should be brought in scope of the regime to reflect the rapidly changing viewing habits of UK audiences and the growth in on-demand streaming services.

Video-on-demand services such as Netflix and Amazon Prime provide huge value to UK audiences and in many cases significant, and growing, contributions to the UK economy. But these on-demand services, apart from BBC's iPlayer, are not subject to Ofcom's Broadcasting Code, which sets out appropriate standards for content, including for harmful or offensive material, accuracy, fairness and privacy. This means that the television-like content which people watch is regulated differently depending on how they choose to watch it. Some services available in the UK are not regulated in the UK at all. That is why we intend to bring larger TV-like on-demand providers, which are not regulated in the UK but which target and profit from UK audiences, under Ofcom jurisdiction. We will also give Ofcom powers to draft and enforce a new video-on-demand code, similar to the existing Broadcasting Code. These changes will mean that UK audiences will be better protected from harmful material and better able to complain to Ofcom if they see something about which they are concerned.

My noble friend Lady Harding of Winscombe was right that the people who are moving to these new methods of watching television the quickest are the young, and the noble Baroness, Lady Benjamin, was

right to raise our important responsibility to children. UK-wide television tax reliefs aimed specifically at children's television programming have since 2015 directly supported more than 500 projects and over £600 million of investment in children's content. We are grateful to have worked closely with the noble Baroness, Lady Benjamin, on introducing powers for Ofcom to monitor the commercial public service broadcasters and enable them to set criteria for the provision of children's television programming; and of course, we chose children's television, alongside radio, to pilot contestable funding, as she mentioned in her contribution. An evaluation of the three-year pilot of the young audiences' content fund is taking place to determine its impact. The potential for further investment will be assessed against that evaluation and future public service broadcasting needs.

The noble Viscount, Lord Colville of Culross, mentioned smart speakers. Today the whole sector faces perhaps its greatest challenge yet with the emergence of online audio services and smart speakers. I share the noble Viscount's concerns about the potential impact of these devices on the radio sector. Officials in DCMS are actively exploring potential options for bringing forward legislation to protect the position of radio on smart speakers in a way consistent with the proposals to develop a new pro-competition regime for digital markets.

The noble Lord, Lord McNally, said that it was a Conservative Government who established the BBC. As this is a Liberal Democrat debate, I should say that a Conservative and Liberal coalition presided over its birth. The BBC was founded on 18 October 1922. The following day, Tory Back-Benchers met at the Carlton Club and pulled the plug on that coalition, giving the BBC its first big story to cover. Those were the days when Tory Back-Benchers brought down Prime Ministers from other parties. It was thus a Liberal politician, the Postmaster-General FG Kellaway, who noted:

"If the best use is to be made of this new form of communication, it must touch life at many aspects".—[*Official Report, Commons, 4/8/1922; col. 1955.*]

I think we would all agree that our public service broadcasters have delivered on that vision. Now is the time, as we have done today, to look ahead to the next century and provide the foundations for future success. I am very grateful to the noble Lords who have given us the opportunity to do so.

Baroness Stowell of Beeston (Con): Before my noble friend sits down, may I seek a couple of points of clarification on legislation? My noble friend echoed the Secretary of State in saying that the media Bill will be with us shortly. Yet a decision on the privatisation of Channel 4 has yet to be taken. Could he confirm that, if the Government decide not to go ahead with the privatisation of Channel 4, the media Bill will still come forward shortly because it is the non-Channel 4 aspects that are deemed incredibly urgent?

The Minister also made some comment in response to the noble Viscount, Lord Colville, on digital competition. However, I am not entirely clear on what he is saying about the prospect of a digital competition Bill. He may remember that I was very keen, if possible, that we should combine the two things, particularly if Channel 4 is no longer on the agenda.

Lord Parkinson of Whitley Bay (Con): I am grateful to my noble friend for the opportunity to say a bit more. There is not much that I can add, other than to repeat the Secretary of State's words from last night. We will bring the media Bill forward shortly and that does not pre-empt the decision she is considering vis-à-vis Channel 4. The Queen's Speech set out the Government's commitment to publishing a draft digital markets competition and consumer Bill in this parliamentary Session. We will do so as soon as parliamentary time allows.

5.57 pm

Lord Foster of Bath (LD): My Lords, I thank the Minister for his reply. I am almost surprised that he did not lead us in a rendition of "Happy Birthday" for the BBC and Channel 4. I also have to ponder what his speech might have been like had he delivered it, as originally intended, from the Back Benches rather than the Front Bench. I am almost certain—the Minister will correct me if I am wrong—that the history lesson about the Liberal role in the BBC's establishment would not have been included in a Back-Bench speech, but I am grateful to him for it.

The Minister will have heard that there is a great deal of support for public service broadcasting all around the Chamber. I am grateful to all noble Lords who have spoken, particularly those who emphasised important reasons for supporting it that I did not mention. There were references, for example, to science, children, sport and even the importance of trusted news in conflict areas.

I am also conscious that, in the back of our minds, many of us support the public service broadcasters, including the BBC, because of what the right reverend Prelate the Bishop of Leeds called the "nightmare alternative" of having a broadcasting landscape like that in the United States—or, as the noble Lord, Lord Dubs, put it, "Heaven preserve us from Fox News".

So the Minister will take away that there is a great deal of support for the BBC. He in turn supported the comments of the noble Baroness, Lady Harding, about the need for the public service broadcasters, including the BBC, to address some of the issues that need addressing. Reference was made to former chairs of the Select Committee and the way in which some people in society feel that they are not represented by our public service broadcasters—they have to address that. It is equally true that, as my noble friend Lord McNally said, public service broadcasters need to be a bit more up front about their own proposals and, as the noble Baroness, Lady Bakewell, said, less timid.

I end by repeating my thanks to everybody. I hope that the Minister will take away the very clear message from the whole of your Lordships' House that there are issues that need fixing and that can be fixed only through legislation, which we need as soon as possible—including legislation in relation to the important digital markets issue. I was present when the Secretary of State spoke, and she said "soon", not "shortly". I have had the chance to stand at the Dispatch Box and use all those phrases—"when parliamentary time allows", "in due course", "soon", "shortly", "in a few weeks"

[LORD FOSTER OF BATH]
time” and so on—and I have never understood the subtle distinctions between them. But, if the Minister knows the answer to this, could he intervene? It would help us to answer the question of how likely it is that we will get this soon. Does he know whether a media Bill has been approved by the Cabinet? If he does not, perhaps he could find out, because that would be helpful information for the House. If it has not been, could he do everything in his power to urge the Cabinet to address this issue very quickly?

Motion agreed.

Electronic Trade Documents Bill [HL]
Motion to Refer to Second Reading Committee

6 pm

Moved by Lord Parkinson of Whitley Bay

That the Bill be referred to a Second Reading Committee.

Motion agreed.

House adjourned at 6.01 pm.

Grand Committee

Thursday 3 November 2022

Football Spectators (Relevant Offences) Regulations 2022

Considered in Grand Committee

1 pm

Moved by Lord Sharpe of Epsom

That the Grand Committee do consider the Football Spectators (Relevant Offences) Regulations 2022.

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, this is a simple but important measure, which will ensure that those convicted of football-related offences involving class A drugs can be subjected to football banning orders. We had been on a long-term downward trend when it came to football disorder. However, we have just had a football season which saw more football-related arrests than in any of the previous seven seasons. Sadly, it is clear that, after pandemic restrictions were lifted, some football fans have concertedly pushed at the unlawful boundaries of safety and security, and this includes taking cocaine while attending football.

The police have been clear that they have seen an increase in drug-fuelled disorder at regulated football matches. This backs up the conclusions of the noble Baroness, Lady Casey, who was commissioned by the Football Association to undertake an independent review surrounding the completely unacceptable disorder by England football fans seen at the Euro 2020 final. The noble Baroness found that cocaine use was rife during Euro Sunday, and witnesses on the day were terrified by the reckless and aggressive behaviour of some fans. Unfortunately, this trend has continued since the Euro 2020 final. A recent study found cocaine traces on nearly all tested toilet cisterns at a major football ground, and the police have found it necessary to carry out matchday operations to seize drugs at football matches and arrest individuals. Cocaine use is highly harmful to both the user and those around them. There is a clear nexus between those who are under the influence of class A drugs and those who have propensity to cause trouble.

A football banning order is an effective tool to help to combat this rise in football-related disorder. We want to be clear that anybody causing trouble at football matches is liable to a ban from all regulated football matches for between three and 10 years. Football banning orders have historically proved successful in preventing known troublemakers continuing to offend and deterring others from offending. This is an important point: we want to prevent offenders attending matches and deter others from future offending. Watching football is not a crime, obviously, but commit crime at football, spoil the match experience for everyone else, and you are not welcome and will be prevented from attending.

The instrument contains a measure to address this; it will ensure that those who turn up to football matches in possession of class A drugs or intending to supply class A drugs to others will be subject to football banning order proceedings following conviction.

This will give the police an effective tool to combat the rise in drug use seen at football matches. Police data shows that there were over 140 reported arrests for drug offences during the 2021-22 football season. We cannot allow decent football fans to be frightened of attending matches, or football stadia to become unsafe.

I reassure your Lordships that this order has the backing of the Football Association, the Premier League, the English Football League and the National Police Chiefs' Council lead for football policing. I know your Lordships will recognise the detrimental effects that class A drug supply, possession and use can have at a football match, and I hope that your Lordships support this measure to combat these offences that have contributed to a rise in football-related disorder. I commend this order to the Committee and beg to move.

Lord Faulkner of Worcester (Lab): My Lords, I welcome the statutory instrument and thank the Minister for introducing it so clearly. I regret that it is necessary. It is depressing that, according to the official statistics published by the Home Office on 22 September, the incidence of football-related disorder is at its highest level for some years—a fact that the Minister referred to. There were 2,198 football-related arrests under Schedule 1 to the Football Spectators Act 1989 in the 2021-22 football season—around 59% higher than those in the 2018-19 pre-Covid season and comparable to the levels seen in the 2011-12 and 2013-14 seasons. A new factor is the incidence of drug-taking at football matches, hence the reason for this order.

Those of us who were involved with the efforts of the football bodies and the Government to tackle what was described as hooliganism associated with the game in the 1980s and 1990s knew that alcohol played a huge part in many of the events that shamed English football at that time. Your Lordships may have seen that there is currently a three-part series of programmes on Channel 4 on Monday evenings which centre on the Italia 90 World Cup. They remind us how dire the reputation of English fans at home and abroad then was.

We had hoped that this was all behind us, but quite obviously that is not so. That impression is reinforced if one studies the excellent independent report produced for the FA by the noble Baroness, Lady Casey of Blackstock, on the events surrounding the Euro final at Wembley on 11 July 2021, to which the Minister referred. This was the subject of a Private Notice Question I asked on 6 December—almost a year ago now—in which I said:

“She makes it clear in her report that we shall never know for sure how close we came to a huge disaster involving major loss of life, caused by 6,000 ticketless fans outside the stadium who were ready to storm inside had England won the penalty shootout.”—*[Official Report, 6/12/21; col. 1641.]*

Contained in the noble Baroness's report were a number of comments about drug-taking. For example, page 26 says:

“Eyewitness accounts given to the media in the immediate aftermath of Euro Sunday state that there was use of drugs, in particular cocaine, among the crowd. These are supported by the Review's survey, which suggests illegal-drug taking must have been widespread and taken place in plain sight. More than 3,500 respondents (47 per cent) said they saw illegal drug taking when they arrived at Wembley.”

[LORD FAULKNER OF WORCESTER]

As the noble Baroness pointed out, and the Minister has confirmed today,

“Football Banning Orders (FBOs) can be given to supporters in relation to alcohol misuse. Offences include ‘possession of alcohol or being drunk while entering/trying to enter a ground’. But there is no equivalent provision for drugs”—

so far. As the Casey report says on page 117,

“drug use in football stadiums is a growing concern for football and policing officials.”

She cites the finding of cocaine traces on almost all the toilet cisterns of a major football ground.

Unsurprisingly, the noble Baroness said in recommendation 5 that

“the Home Office should consider ... ensuring that the FBO regime to ensure drugs-related disorderly behaviour is treated in the same way as alcohol-related disorder”.

This SI implements that recommendation, and therefore I welcome it. I hope that the Minister will be able to confirm that the Government are taking equally seriously the other recommendations contained in the noble Baroness’s outstanding report.

Lord Paddick (LD): My Lords, I thank the Minister for introducing these regulations. It will be well known that Liberal Democrats feel that drug misuse should be treated as a health issue rather than a criminal issue, but we draw the line where drug misuse leads to disorder or anti-social behaviour. Clearly, in this situation, drug taking at football matches is fuelling the disorder.

Do not get me wrong: cocaine is an extremely dangerous drug, and in my own professional experience I have seen people—healthy young men—die very quickly of heart attack from having excess cocaine in their systems. But here, we are talking about reckless and aggressive behaviour, as the Minister said. I do not attend football matches and I do not take cocaine, so I have to take other people’s word for the impact that taking cocaine in those sorts of environments has in terms of causing reckless and aggressive behaviour. I am very grateful to the noble Lord, Lord Faulkner of Worcester, who has a wealth of experience of soccer issues, for his very helpful and informative speech about the record on this issue, particularly the report of the noble Baroness, Lady Casey.

I am not sure about traces of cocaine on toilet cisterns. I think there were similar findings in the House of Commons, so we have to be very careful in drawing conclusions as to whether that is an indication of the prevalence of drug-taking. However, it seems absolutely ridiculous that football supporters can be banned for alcohol-related disorder and not for disorder related to the taking or supplying of cocaine at football matches. We therefore wholeheartedly support the regulations.

Lord Ponsonby of Shulbrede (Lab): My Lords, I too thank the Minister for introducing this statutory instrument, which we support. I declare an interest as a sitting magistrate who has fairly regularly put in place football banning orders for various reasons. As the noble Lord said, this is about adding the possession or supply of class A drugs at football matches as a reason for giving a football banning order.

We welcome the work that the police have done with the football authorities to reduce violence and drug-fuelled behaviour at games, although I note the

figures that the Minister and my noble friend Lord Faulkner gave about the deteriorating situation in recent years. As my noble friend said, it used to be so much worse back in the 1990s.

When was this matter first raised? Was it really as a result of the European final that it came starkly to the attention of Ministers, or were there concerns before that? Also, is there any evidence of similar concerns or problems with other major sports, such as cricket or rugby? Obviously we are talking about football banning orders, but how wide does this problem go?

Has there been any wider work done on why these problems seem to be worsening? Is it because of drug use, or are there other problems behind it? Is this being investigated by the Home Office? Is it that drugs are more generally available? There has been an increase in drug-related deaths in England and Wales in recent years, and we know that communities and children’s lives are being blighted by county lines gangs. What is being done to tackle the supply of drugs reaching fans and to ensure that police forces have the resources to support specialist drug enforcement teams and take action on recognising child criminal exploitation?

A football match should be a safe, accessible, enjoyable experience for fans of all ages, so what wider work is being done by the Home Office to encourage safe and positive environments for sports fans? We of course support the statutory instrument, but my questions go a bit wider, to other sports and to how this impacts on drug policy as a whole. I look forward to the Minister’s response.

Lord Sharpe of Epsom (Con): My Lords, I am grateful to all noble Lords who have spoken and particularly note the widespread support for this measure, which is as it should be. I am sure we all agree that there is no place for class A drugs or the disorder they give rise to at football matches. This simple, practical measure to tighten the law will ensure that the football banning order regime properly encompasses those who commit drug offences related to football. I take particular note of the comments from the noble Lord, Lord Paddick, on the dangers of cocaine misuse.

I will try to address some of the specific points that your Lordships raised. The noble Lord, Lord Faulkner, quoted the statistics; I will go into a little more detail on those. Official statistics for the 2021-22 season show that there were 2,198 football-related arrests, which is a substantial increase—59%—on the last complete pre-Covid season. It is important to note that football-related arrests had previously been on a long-term down trend, reducing by some 50% since the 2010-11 season to record lows. Last season’s arrests total was comparable with the 2013-14 season. There were also 170 dedicated football officer-related incidents of supporter drug use during the 2021-22 season.

The noble Lord, Lord Faulkner, also referred to the Channel 4 documentary on Italia 90. I have not seen it—I am still mentally scarred by our loss to Germany, of course—but I will definitely watch it.

1.15 pm

The noble Lord asked what the Government have done in response to the Euro 2020 final. The Home Office responded robustly to that disorder and to the

subsequent reports. We extended coverage of FBOs to persons convicted of online hate crime offences connected to football and other physical hate crime offences previously not covered. We have amended the threshold test for FBOs to increase the likelihood that a court will impose an FBO following a conviction for football-related offences that are violent, disorderly or cause harm to others. We have also extended the FBO regime and the Football (Offences) Act 1991 to include elite domestic women's football. That prevents persons subject to an FBO attending women's club matches and ensures that persons convicted of football-related offences can be made subject to an FBO. We are also keeping tailgating under review, which is someone without a ticket entering a stadium behind a ticket holder. Tailgating with any element of disorder could be an arrestable offence, with an FBO imposed following conviction.

The noble Lord, Lord Ponsonby, asked some specific questions. The problem has got worse since fans started to return to stadia post pandemic, as these reports outlined. Other sports do not seem to suffer from the same disorder problems as football, so there are no plans to expand these orders yet. The noble Lord also asked about the current scale of class A drug use. Police have gathered extensive evidence, again during the 2021-22 football season, to show the scale of cocaine use inside football stadia and users' involvement in violence and disorder. Police have intensified their enforcement action against the misuse of cocaine at football matches, which includes specific operations targeting users. The National Police Chiefs' Council lead for football policing, Chief Constable Mark Roberts, is clear in his belief that cocaine use is a significant factor in violence and disorder at matches in England and Wales.

There was a rise in football-related disorder during the 2021-22 football season and police are clear that there is a direct link between cocaine use and this rise, which has caused, as we all agree, unsavoury scenes at widely publicised events. The noble Lord, Lord Ponsonby, also asked whether drugs were more available and other aspects of that. I am afraid that I do not have that information to hand but, if he permits, I will write with more details on the current state of knowledge on the matter.

We have witnessed an increase in football-related disorder and drug use at matches. It has become apparent that more needs to be done to prevent this becoming more widespread. By banning those who commit class A drug offences at football matches, we are sending a clear message that drug-fuelled disorder will not be tolerated and that those who attempt to supply or possess class A drugs will be banned from attending all regulated football matches.

Lord Paddick (LD): Before the Minister concludes, does he not agree that drug offences are fairly unique in that a drug crime is recorded only when police make an arrest? Therefore, the more effort the police put into the enforcement of offences involving possession or supply of drugs, the worse the problem appears in terms of the statistics. The emphasis should be on reducing the disorder that results from drug-taking

rather than placing any reliance on the number of people arrested or convicted of drug offences at football grounds, because that could be the product of enhanced police enforcement rather than an increase in use.

Lord Sharpe of Epsom (Con): The noble Lord is almost certainly right, although I cannot prove or disprove that either way. But as I said, a considerable and comprehensive report was written after the disturbances at Euro 2020 which highlighted these issues, so it would be logical to conclude that police upped their activity and I would imagine that that led to an increase. However, I cannot prove that, and if I am wrong, I will of course notify the noble Lord. In the short term, I commend the regulations to the Grand Committee.

Motion agreed.

Alcohol Licensing (Coronavirus) (Regulatory Easements) (Amendment) Regulations 2022

Considered in Grand Committee

1.19 pm

Moved by Lord Sharpe of Epsom

That the Grand Committee do consider the Alcohol Licensing (Coronavirus) (Regulatory Easements) (Amendment) Regulations 2022.

Relevant document: 13th Report from the Secondary Legislation Scrutiny Committee (special attention drawn to the instrument)

The Parliamentary Under-Secretary of State, Home Office (Lord Sharpe of Epsom) (Con): My Lords, this instrument, which was laid before Parliament on 22 September, contains measures to provide ongoing support to the hospitality sector, which endured an immensely difficult period during the pandemic and is now grappling with cost of living concerns. As your Lordships are aware, the Government recently announced the energy bill relief scheme, which will provide a discount on gas and electricity bills for business customers, including those in the hospitality sector. This follows a number of measures to support the hospitality industry and other businesses during the pandemic and since Covid restrictions eased.

During the pandemic, we provided a package of financial support to businesses, including the Coronavirus Job Retention Scheme, the Eat Out to Help Out scheme, and a business rates holiday for retail, hospitality and leisure businesses. We also introduced a number of regulatory easements through the Business and Planning Act 2020. Among those were temporary measures to make obtaining a pavement licence quicker and easier for those who wished to set up chairs and tables outdoors. Parliament has already agreed to extend those measures, and they will run until September next year.

[LORD SHARPE OF EPSOM]

A complementary measure on alcohol licensing gave a temporary off-sales permission to 38,000 licensed premises in England and Wales that did not have one. There were also measures which increased the number of temporary events notices that licence holders were allowed to give in a calendar year. Those provisions remain in place until December next year.

The instrument I propose today is relatively modest. It is an extension of provisions in the Business and Planning Act to allow sales of alcohol for consumption off the premises to licensed premises that did not have that permission for a further year, until 30 September 2023. In the intervening time there will be a consultation on long-term arrangements.

I assure the Committee that officials consulted the National Police Chiefs' Council about the effects that the temporary off-sales permission has had. The view of the police then was that it had not caused any increase in crime and disorder.

I know that your Lordships will appreciate the impact that the pandemic and the cost of living have had on the hospitality industry, and I hope that you will support these measures to aid its recovery. I commend this instrument to the Committee. I beg to move.

Lord Paddick (LD): I am very grateful to the Minister for introducing these regulations. I understand that many people were very concerned about going to on-licensed premises—going to the pub—because of their concerns about catching coronavirus. My personal experience of socialising in central London—very limited, because I am always here doing work—is that most restaurants and pubs seem to be very busy. I am not sure whether the Minister can tell the Committee whether that is universal or a phenomenon just in central London, but that is my experience.

My understanding of the previous regulations is that they were to try to compensate pubs that had only an on-licence for that lack of trade so that people who were anxious about catching Covid could instead get their alcohol to take away—they could take it home or even, when the weather was more clement than it has been for the last few days, drink it outside. The only thing I would ask is this. Why do the Government think that that particular Covid support, which is what these regulations are about, should continue? What evidence is there that people are still nervous about socialising in an enclosed space and that it is therefore necessary for on-licensed premises to be able to sell to people to take away?

If this provision is simply for other reasons—the noble Lord mentioned increased energy prices having an impact on on-licensed premises in particular, but there is also the cost of living crisis, with people feeling that they cannot socialise as much as they did in the past because of the pressure on household budgets—why not have an alternative measure? The noble Lord talked about consultation on more permanent measures, but, bearing in mind that the police say that there has been no adverse impact on giving on-licensed premises the ability to sell alcohol to take away, why has a permanent change not been brought forward, rather

than what appears to be the rather spurious extension of coronavirus-specific regulations that we have before us?

I appreciate that civil servants, particularly in the Home Office, have been very busy with other things in recent months, and it may be that the easy route was simply to extend the coronavirus regulations, but we need to move on from the impact of the pandemic and the virus and be more honest. If we think that this is a good thing in the long term, we should have a permanent change in the law. I know the Minister said a consultation is being conducted on it. That would be more honest than extending coronavirus regulations that, by this time, should have come to an end.

Lord Ponsonby of Shulbrede (Lab): One of my principal questions was going to be whether this is the easy route, as the noble Lord, Lord Paddick, put it, and whether there is a long-term review of the law. It may be appropriate to keep the changes in some cases and not in others, so I would be grateful if the Minister will respond to the points raised by the noble Lord, Lord Paddick.

We support this change. We have been told that, as far as the NPCC is concerned, there has been no increase in anti-social behaviour as a result of these measures. Did the consultation go beyond the NPCC? Were local police forces consulted? Are there variations in different parts of the country?

I too have experience of occasionally going to social events in central London, and it is true that the bars and restaurants seem to be extremely busy. However, in other parts of the country or other parts of London, many restaurants and pubs are shut because of the impact of the pandemic, as well as changing habits. How much variation across the country have the Government seen? Is this blanket approach appropriate and how should it be looked at over the longer term? Does the Minister have any updated information on the impact of Covid on the hospitality sector and its recovery? One reads extensively of the hospitality sector still struggling because, in spite of our experiences in central London, the numbers are not back to where they were, and this is proving a problem.

Have any local authorities raised any concerns about extending these changes? Are there any extra costs or burdens on local authorities? Finally, were any local communities consulted? Did they have views on the extension of these licences?

The central question is that asked by the noble Lord, Lord Paddick, about how this temporary change, which we approve of, fits into a wider review of provisions that were brought in during the pandemic, some of which may continue while others do not.

Lord Sharpe of Epsom (Con): My Lords, I am grateful to the noble Lords who contributed. I am thankful for their general support for this measure and their recognition that we should be looking to support our hospitality industry, which has suffered a tumultuous few years and continues to feel the after-effects of the pandemic; I will come on to that in a second.

The noble Lord, Lord Paddick, questioned the fact that this a temporary measure and asked why it is not being made permanent, since it extends the off-sales provision only until next September. Let me go into some detail regarding what has happened since the pandemic.

1.30 pm

I note both noble Lords' points about pubs in London, which I myself frequent. I concur with them, but we believe that businesses need certainty to help them recover economically from the pandemic. Evidence from trade organisations—again, I will come on to those in a second—and other sources has indicated the significant financial losses and wider economic pressures faced by the hospitality industry more broadly. The British Beer and Pub Association reported that, although consumer confidence is up from 2021, with circa 70% of people feeling confident in visiting pubs, bars and restaurants, support is still needed to bring that figure up further and ensure a strong, sustainable recovery.

Data on sales in the hospitality sector indicates that the sector is still smaller than it was prior to the pandemic. Sales across restaurants, bars and hotels reached £31.6 billion in the three months to the end of September 2021. That is a 73% increase on the summer of 2020 but is still down 10% on the same period in 2019. Given that the pandemic lockdown restrictions have been lifted for the best part of a year, how much of this is related to the pandemic and how much is related to other factors? Of course, there are a number of other factors at play; they cannot all be Covid-related.

I do not think that any of us could be in any doubt that the pandemic has had a profound effect on the hospitality sector. As I said, some of those effects continue to be felt. It is worth pointing out that some businesses took out loans or incurred debts during the pandemic, which must be paid off, but we are not seeing an increase in consumer confidence back to pre-pandemic levels yet.

The noble Lord, Lord Paddick, asked whether this approach leads to anti-social behaviour. The vast majority of licensed premises act responsibly, of course. Under Section 76 of the Anti-social Behaviour, Crime and Policing Act 2014, the police and councils have the power to issue a closure notice. They can do this if there are grounds for believing that the use of particular premises has resulted, or is likely to result, in nuisance to members of the public, or that there has been, or is likely to be, associated disorder near the premises.

The noble Lord, Lord Ponsonby, asked whether local authorities have raised concerns. No local authorities have raised concerns about this matter but, equally, neither have local communities. He also asked whether the NPCC speaks for all police forces. As I am sure the noble Lord, Lord Paddick, will confirm, it is a representative body that speaks for all 43 police forces in England and Wales.

Why have we not brought forward a permanent change? As I said in my opening remarks, we want first to consult with the licensed sector, local authorities, the public and the police. That is what we are going to do over the course of the next year.

I think I have answered most of the questions I was asked. Again, I thank noble Lords for their broad support for this measure. Obviously, we will come back to this subject with the results of the consultation but, for now, I commend the regulations to the Committee.

Motion agreed.

Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2022

Considered in Grand Committee

1.34 pm

Moved by Lord Bellamy

That the Grand Committee do consider the Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2022.

Relevant document: 13th Report from the Secondary Legislation Scrutiny Committee

The Parliamentary Under-Secretary of State, Ministry of Justice (Lord Bellamy) (Con): My Lords, I beg to move that the Committee do consider this statutory instrument to amend the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975. The effect would be to enable any current or potential sponsor on the Homes for Ukraine scheme in England and Wales to be eligible for the highest level of criminal record check undertaken by the Disclosure and Barring Service. This is known as an “enhanced criminal record certificate with barred list” check and would be carried out by local authorities responsible for approving sponsors. As your Lordships know, such a high-level check reveals any criminal convictions that would otherwise be spent under the 1974 Act and any barring order preventing the person concerned working with children or vulnerable persons.

Your Lordships will be aware that Homes for Ukraine is a sponsorship scheme in which individuals in the UK offer up their homes to Ukrainians fleeing the war. Since its launch in March, more than 100,000 Ukrainians have arrived in the UK as part of the scheme. I pay tribute to the families and individuals who have offered up their homes to those fleeing the war. However, it is right that we make sure that adequate safeguards are in place to ensure the safety of those arriving from Ukraine. Without this amendment, certain enhanced DBS checks would not be possible.

In practical terms, two scenarios are particularly relevant to the proposed amendment. The first is a process called domestic rematch, where the original match arranged by the sponsor and beneficiary breaks down, is deemed unsuitable or expires. When this happens, the local authority may rematch the beneficiary with a new sponsor. In these circumstances, the guests can find an alternative host who would be willing to take them in that further rematch, arranging it either themselves or through the council or a third party.

When arranging the original match when the refugee first arrived, the original sponsor would have gone through the equivalent of an enhanced DBS check as part of the visa process. But if there is a change of

[LORD BELLAMY]

sponsor after the visa has been granted, when the refugee is already here, under the existing law all the local authority can do is carry out a basic DBS check on the new sponsor. That basic check would not reveal any spent convictions or any barring order. Given the vulnerability of many of these refugees, the Government consider that a power to carry out an enhanced DBS check is appropriate for all sponsors, particularly to deal with the rematch situation.

The second situation the Government have identified where higher-level DBS checks are necessary is for unaccompanied children who are not travelling with, or to join, a legal parent or guardian in the UK. In July the Government expanded the Homes for Ukraine scheme to enable children to come to the UK without a parent or legal guardian to stay with a sponsor who, except in exceptional circumstances, should be personally known to the parent or legal guardian. Under current regulations, the higher-level DBS checks can be carried out on most Homes for Ukraine sponsors for these children. However, at present only the basic DBS check can be carried out on the sponsor or members of the sponsor's household if they have a family relationship with the child.

However, the concept of a family relationship is somewhat vague and sometimes these family ties can be quite loose. For example, a parent in Ukraine may be entrusting a child to an extended family member with whom they do not have any close or recent relationship. An aunt may have a partner in the house who is completely unknown to the parent or guardian in Ukraine. In the Government's view, the vulnerability of these children, unaccompanied by their parents or a guardian, means that enhanced checks on all adults in the sponsor household, whether related to the child or not, are a sensible precaution.

I emphasise that this is a power to carry out the checks. A spent conviction revealed through an enhanced check will not necessarily prevent an individual becoming a sponsor, but it will give the local authority access to a fuller range of information, strengthen safeguarding arrangements and be a proportional response to the unique circumstances of the scheme.

On a more technical level, changes are necessary to two legislative regimes to bring about these enhancements. The first is the one we are considering today, this amendment to the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975. The other is an amendment to the Police Act 1997 (Criminal Records) Regulations 2002 and 2009 to enable access to the records held by the police. The relevant changes to the Police Act requirements have already been made by a statutory instrument laid by negative resolution by the Home Office, which came into force on 13 October last. The order before your Lordships today requires an affirmative resolution of both Houses and was approved by the other place last Wednesday, 26 October. Similar changes were made in Northern Ireland on 3 October, and the Scottish Government have also amended their legislation. Your Lordships' approval is, as it were, the last piece of the jigsaw.

Lord Dholakia (LD): My Lords, I thank the Minister for explaining why this provision is necessary. This SI amends the Rehabilitation of Offenders Act 1974 to enable current or potential sponsors under the Homes for Ukraine scheme to undergo a full criminal background check undertaken by the DBS. In essence, the changes are designed to give local authorities more flexibility to undertake the highest level of DBS checks on sponsors who are related to children under 18 or to relations who require additional support due to age, disability or illness.

As someone who was responsible for promoting a Private Member's Bill on the Rehabilitation of Offenders Act 1974, I see no reason why this legislation should not be supported. Any legislation to ensure that an applicant who is prepared to can host a refugee is welcome. Currently, the host can undergo an enhanced DBS check when they have an unrelated person under the age of 18 or in rare circumstances when the sponsor is providing additional support to a non-family guest who may have additional needs. If the host houses a related person under 18 or a related person with additional needs, they can currently undergo only a regular DBS check.

Enhanced DBS checks are higher than basic checks and should incur an increased cost for local authorities. At present they bear a heavy cost for looking after refugees and asylum seekers. What provision is available to assist local authorities if the present method of payment is not sufficient? The SI should theoretically grant flexibility for local authorities to process applications for sponsors who live in complicated circumstances where it is not immediately clear which DBS test they should be eligible for. Are there systems to ensure that DBS checks are available for refugees and asylum seekers when accommodation to house them is provided by local authorities? Of course, we have serious concerns about children who cannot be traced and who end up being exploited by those who use them for trafficking.

This SI provision applies in England and Wales only. The Minister mentioned discussions with the Scottish authorities on this provision. Have the Government consulted the Scottish authorities about how they deal with such issues? Finally, can we be assured that such checks are carried out on refugees in hotels and detention centres at present?

Lord Ponsonby of Shulbrede (Lab): My Lords, I thank the Minister for introducing this statutory instrument, and of course we support it. The noble Lord, Lord Dholakia, very effectively set out the background to this. I will just set the scene and then ask a few questions of the Minister. First, I personally know a number of friends and colleagues who have welcomed Ukrainians into their homes. I am sure others in the Room have the same experience and, from what I have been told, it has been a positive experience for all concerned. However, there have been problems and we need to be realistic about them.

1.45 pm

The other thing I want to say in setting the scene is that, in principle, we believe that people who have had a brush with the criminal justice system or who have been in prison for something have served their sentence and paid their dues. When they come out, they should

be able to lead full lives, contributing to our society on as wide a basis as is practical. However, I understand the point that the Government seek to address: in some cases, particularly where children and some other examples are concerned, people should not be able to open their homes to refugees, who in many cases are very vulnerable. So we support the enhanced DBS check. As we have heard, some 100,000 Ukrainians have arrived on our shores in the last year or so.

I will dwell on some potential loopholes in the system. First, are hosts expected to inform the council when refugees arrive at their property? That is one side of the equation, but are they also expected to inform the council when people leave? That is a potential loophole, as the money being paid to the host may continue to be collected after refugees have left the property, for whatever reason.

I understand the points about the particular vulnerability of unaccompanied children, who may have a relatively loose relationship with the people acting as their hosts. My question is really about the level of discretion of local authorities to require DBS checks. In a house of multiple occupation, what level of discretion does the local authority have to check everybody in that house or only those living in the flat concerned? There would be an enhanced cost, which the noble Lord, Lord Dholakia, mentioned, but the Minister's statement referred to this as only a power, not a requirement. In his view, should local authorities use that power on an appropriately wide basis to make sure that vulnerable people are kept safe?

As I tried to set out in my introduction, we approve of this statutory instrument and think the scheme has been a huge success overall. But our eyes need to be open to the pitfalls and loopholes that are available, so that they can be appropriately dealt with. We support this SI.

Lord Bellamy (Con): My Lords, I thank noble Lords for their support for this amendment. In response to the noble Lord, Lord Dholakia, on his question about the cost of a DBS check, my information is that a basic check costs £18 and an enhanced check costs £38. The Government's view is that that can be absorbed within the resources already made available to local authorities.

The points the noble Lord made on the comprehensiveness of the systems available to make sure that children are safe, do not disappear and can be traced are primarily for the Home Office. I venture to say that the Government have them well in mind and will do our very best to ensure that the points rightfully made by the noble Lord are fully taken into account in the administration of the Homes for Ukraine scheme. I thank the noble Lord for his comments.

The noble Lord, Lord Ponsonby, asked various questions. On his first point about spent convictions, there is of course always a tension as to where you draw the line between the rehabilitation of the offender and the protection of the vulnerable. When I said that this was a power, I meant to convey that, having carried out these checks, the local authority does not have to refuse the sponsor. It could say, "This was 15 years ago, it wasn't very serious and he's been a perfectly good citizen ever since, so we're not going to

take that into account". This simply gives them the opportunity to have the information; that is the essential point.

On the various loopholes and questions, again, they are primarily for the Home Office, so I will make my response subject to further guidance from the Home Office and correct it if I get it wrong. My understanding is that hosts are expected to inform the local council when the refugees arrive and leave so that there is full information constantly available. Whether that always happens may be another question but, as far I know, the obligation is there; I will correct my statement if it turns out to be incomplete or wrong.

As far as the multi-occupancy of a house is concerned—this was another perfectly legitimate question—I am not in a position to answer on that, but I take it that the local authority should carry out these checks on an appropriately wide basis. If it is the case that the refugee or child in question is in the relevant household, everyone in that household must be checked. What the household is and who is in it is no doubt a question of fact to be addressed, but the Government certainly support the suggestion from the noble Lord that a check should be carried out on as wide a basis as is necessary to ensure the safeguarding of the refugees in question.

I hope that I have addressed at least the main questions that have been raised. I thank your Lordships for their support.

Motion agreed.

Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 3) Order 2022 *Considered in Grand Committee*

1.53 pm

Moved by Lord Callanan

That the Grand Committee do consider the Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 3) Order 2022.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, I beg to move that the draft Greenhouse Gas Emissions Trading Scheme (Amendment) (No.3) Order 2022, which was laid before the House on 7 September 2022, be approved.

The UK Emissions Trading Scheme—the ETS—was established under the Climate Change Act 2008 by the Greenhouse Gas Emissions Trading Scheme Order 2020 as a UK-wide greenhouse gas emissions trading scheme to encourage cost-effective emissions reductions, contributing to the UK's emissions reduction targets and our net-zero goal. This scheme replaced the UK's participation in the EU Emissions Trading Scheme—the EU ETS—and the 2020 order applied existing rules on the monitoring, reporting and verification of emissions with modifications to ensure that they work for the UK ETS.

The 2020 order was subsequently amended by several statutory instruments in 2020, 2021, and 2022 to set up the scheme. These included provisions for the free

[LORD CALLANAN]

allocation of allowances and the UK ETS registry, as well as a series of technical and operational amendments to improve the running of the scheme. Regulations under the Finance Act 2020 established rules for auctioning allowances and mechanisms to support market stability.

The purpose of this order is to amend the 2020 order to enable the inclusion of flights from Great Britain to Switzerland within the scope of the UK ETS. The existing UK ETS currently covers domestic flights, flights from the UK to the European Economic Area, and flights between the UK and Gibraltar. Since our departure from the European Union, flights between the UK and Switzerland are not covered in either the UK ETS or the Swiss Emissions Trading System, creating a gap in ETS coverage.

The Government consulted on the policy in this draft instrument between May and July 2019 as part of a consultation on the future of UK carbon pricing. In the 2020 government response to that consultation, we committed to include UK to Switzerland flights within the scope of the UK ETS if an agreement could be reached with Switzerland. I am happy to say that we have now agreed with Switzerland to cover these flights, and Switzerland has amended its relevant domestic legislation to ensure that flights from Switzerland to the UK are included in the Swiss ETS from 2023.

This instrument amends the 2020 order to include flights from Great Britain to Switzerland in the definition of “aviation activity” and to bring them within the scope of the UK ETS for the start of the 2023 scheme year. In 2019, UK to Switzerland flights amounted to approximately a quarter of a megatonne of CO₂, which is less than 0.2% of the UK ETS cap for the 2023 scheme year.

Noble Lords should note that the policy intent is to include flights from across the UK to Switzerland within the scope of the UK ETS. However, as the Northern Ireland Assembly was not able to consider affirmative legislation at the time when the instrument began the legislative process, this legislation brings only GB to Switzerland flights into the scope of the UK ETS. Once the Northern Ireland Assembly is functioning, equivalent legislation will be proposed to the Assembly as soon as possible to ensure that all flights between the UK and Switzerland are then covered. This order will enable the inclusion of flights from Great Britain to Switzerland within the scope of the UK ETS.

In conclusion, this SI will close a gap in coverage in the UK ETS, fulfilling the commitment set out in the government response to the future of UK carbon pricing consultation and upholding our agreement with Switzerland. On that basis, I therefore commend this order to the Committee.

Lord Teverson (LD): My Lords, I very much thank the noble Lord for that explanation. It is good to see the usual BEIS team opposite.

I went to Switzerland on holiday this summer. I was very lucky to do so. We went by train.

Lord Callanan (Con): Do you have pictures for us?

Lord Teverson (LD): Yes.

We avoided airfares and carbon emissions from aeroplane travel. I bring this up because one of the issues is that the cost of travelling by train all the way through from Cornwall where I live and back again was significantly more expensive—I would say up to three times more—than travelling by air. This is a real issue in terms of climate change emissions and the whole way we manage this area.

At the heart of that to some degree is the tradition that comes from the EU ETS, which is a free issue of permits. I am sure that the Minister will be able to tell me what it is, but I think that the price per tonne of carbon in the UK ETS is around £60—I am not sure, but it is a significant amount of money anyway. I am interested to understand how much money or valuable assets we are offering as a public authority to the airline industry in terms of the number of permits times their value. I would be very interested to understand that. The airlines are able to sell on these permits, and quite rightly, because it is a marketplace. That is how we incentivise the industry, and other industries, to make their carbon emissions much more efficient.

2 pm

It is very clear that free issue can go on for only so long. I have not tracked this for some time now but it seems to me that this is such a public giveaway to private organisations that we should start to stop it. I would be interested to hear from the Minister how the Government see this free issue moving in the future. Will it decline every year? I think it will, which is excellent. I would be interested to understand when it is likely to get to zero.

On the UK ETS generally, there was originally a discussion about it having trading connections with the EU equivalent scheme that we came out of after Brexit. I think that was about liquidity concerns. I get the impression that liquidity is working quite well in the UK ETS. I would be interested to understand the Government’s current opinion of whether that market is working well enough that we do not particularly need to work with other emissions schemes, be it the Swiss or the European Union one.

The biggest problem for the aviation sector more broadly outside the EEA, Switzerland and UK domains is that we are stuck with some sort of carbon offsetting scheme in terms of more international and intercontinental travel. I would be very interested to understand what discussions the sector is having with the aviation industry to tighten up that system much more, as it needs to do.

Having said that, clearly, I welcome the fact that this SI has come forward and that flights between GB—hopefully Northern Ireland as well in future—and Switzerland will be subject to the emissions trading scheme. From that basis, I support this SI.

Baroness Blake of Leeds (Lab): My Lords, I, too, thank the Minister for his full explanation of the SI before us today. I have a feeling that we will have many opportunities in future to discuss the success and progress of emissions trading schemes in general, and I am fairly certain that there will be a focus on this at COP 27 next week. I look forward with interest to seeing progress generally.

Obviously, the situation with Switzerland had to be resolved. I am pleased that this instrument has come before us today. I thank the Minister for his explanation about Northern Ireland and the impact of the impasse in the Assembly, including what effect that is having in this area. I have a couple of questions. What assessment has been made of the impact of flights to Switzerland not being included in the UK ETS during the period between leaving the EU and the start of next year, when this instrument comes into force? Is there any way that this could have been avoided? Hindsight is a wonderful thing, of course.

The impact on the public sector will be mainly in the form of additional revenues from the auctioning of land for these flights. Have the Government made an estimate of the value of that? Generally, are there any other, similar gaps that the Government are looking to close? Are they looking to develop the ETS by extending elsewhere in a similar manner? Obviously, this is a complex area for operators working in this space. Do the Government think that aircraft providers will need any additional guidance to make changes as a result of this instrument? If so, what steps are the Government taking to provide this?

In spite of those questions, I am pleased to see this measure in front of us today; I look forward to seeing it move forwards.

Lord Callanan (Con): I thank noble Lords for their contributions. I am particularly grateful to the noble Lord, Lord Teverson, for sharing his holiday experiences with us all. I expect he will bring his photograph album next time. I was going to say that it would show him lying on the beach but, of course, there are no beaches in Switzerland; perhaps he will be lying on the lakeside in Switzerland. I am grateful to both noble Lords for their support for these proposals and their questions.

This Order in Council, as it will be, will enable the inclusion of flights from Great Britain to Switzerland within the definition of aviation activity and bring them within the scope of the UK ETS for the start of the 2022-23 scheme year. As I said, we will seek to include flights from Northern Ireland as soon as the Northern Ireland Assembly is functioning.

In response to the noble Baroness, Lady Blake, although UK-Switzerland flights amount to approximately a quarter of a megaton of CO₂, which is less than 0.2% of the UK ETS cap for the 2023 scheme year, this legislation will enable us to uphold our agreements with Switzerland and the UK Government's commitment to the 2020 government response. Clearly the proposals will not have a significant impact on the costs of participating in the UK ETS for the vast majority of participants, although aircraft operators running flights between Switzerland and Great Britain will of course see a slight increase in their obligations as a result of the expanded scope.

As the noble Lord, Lord Teverson, correctly stated, to reduce the risk of carbon leakage, a proportion of UK ETS allowances are allocated to aircraft operators for free, which they can use towards their scheme obligations, and flights from Great Britain to Switzerland will be able to apply for a free allocation entitlement. In the Government's response to the *Future of UK Carbon Pricing* consultation, we committed to reviewing

the UK's approach to free allocations to ensure that carbon leakage is appropriately mitigated. It supports the UK's high climate objectives and preserves the incentive to decarbonise, which is what we want. The commissioned economic research on aviation carbon pricing found minimal risks of carbon leakage for the aviation sector under the current scope of the UK ETS, and the consultation proposed three potential phase-out trajectories of aviation-free allocation. The consultation also explored potential updates to the UK ETS free allocation methodology, including benchmarking and updating activity data and how we account for new operators.

Furthermore, as set out in the energy White Paper, the UK net-zero review and, most recently, the *Developing the UK's Emissions Trading Scheme* consultation, which was published in March this year, the Government remain open to the possibility of linking the UK ETS internationally. Under the terms of the TCA, the UK and the EU agreed to co-operate on carbon pricing, including through giving consideration to linking our respective carbon-pricing schemes.

The noble Baroness, Lady Blake, asked what assessment has been made on flights to Switzerland not being included since leaving the EU and the instrument coming into force, and whether or not that could have been avoided. When establishing the UK ETS, our priority was to ensure, as far as possible, continuity of coverage. That included an agreement with the EU to cover flights between the UK and the EEA in the UK ETS and the EU ETS. The EU-UK Trade and Cooperation Agreement provided for coverage of the EU ETS for flights from the EEA into the UK and set a precedent for including departing flights without, at the time, a full linking agreement. We will follow this precedent for flights between the UK and Switzerland. Flights from the UK to Switzerland will indeed represent a very small proportion of the total flights and emissions within the UK ETS.

In addition, the noble Baroness, Lady Blake, asked whether the Government think that the aircraft provider will need additional guidance and what steps we are taking. In total, UK ETS auction revenue in 2021 added up to £4.3 billion. We estimate that the UK ETS will raise over £6 billion in 2022 if prices remain at or around the current level, which is an average of £80 a tonne for the first six months of 2022. Once the legislation is laid, the Environment Agency will get in touch with aircraft operators to clarify exactly what their new obligations are.

I think I have dealt with the questions noble Lords asked. I therefore commend this draft order to the Committee.

Motion agreed.

Inter-American Investment Corporation (Immunities and Privileges) Order 2022 *Considered in Grand Committee*

2.11 pm

Moved by Lord Goldsmith of Richmond Park

That the Grand Committee do consider the Inter-American Investment Corporation (Immunities and Privileges) Order 2022.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Goldsmith of Richmond Park)

(Con): This instrument, which is subject to the affirmative procedure, was laid before Parliament in draft on 11 October 2022. It will be made once it is approved by both Houses. It confers immunities and privileges on the private sector lending arm of the Inter-American Development Bank Group, the Inter-American Investment Corporation. This arm of the bank is known commercially as “IDB Invest” and I shall refer to it in that way hereon.

The Inter-American Development Bank Group works to promote greater security and stability within Latin America and the Caribbean. The bank is a key partner as we work towards our objectives in the region, which include promoting democracy and economic growth, preventing organised crime and taking action on climate change. We are also working to deepen trade and investment relationships, and to prevent and prepare for the next pandemic.

The Inter-American Development Bank Group is an international financial institution, headquartered in Washington DC. It is the largest source of development finance for Latin America and the Caribbean. It provided \$22.9 billion in 2021. It shares similar policy objectives with other international financial institutions, such as the World Bank Group, to accelerate economic and social development. The UK has been a member of the bank since it was established in 1959 and we have used our shareholding to help shape it. This includes securing a commitment from the bank, ahead of COP 26, to align its portfolio with the Paris Agreement by 2023 and to increase the volume of finance that it provides for climate change.

The bank plays a critical role in providing loan finance to Governments across the region to support development projects, including in infrastructure, health and education. However, private sector investment across the Latin America and Caribbean region is also critical to driving growth, creating jobs and tackling climate change. To strengthen the group’s focus on investing in the private sector, it agreed with its shareholders in 2015 to merge out its private sector operations to form IDB Invest. This is now a separate legal entity within the group, with its own board and shareholding structures.

Today, IDB Invest provides around \$6 billion of finance per year to businesses, with a focus on small and medium-sized enterprises. The UK voted in favour of the merge-out and agreed to transfer \$7 million of UK capital from the bank to IDB Invest. In 2018, the IDB Invest treaty was presented to the UK Parliament. The final stage of the process to join IDB Invest is to ratify this treaty.

As we join an international organisation, we are required under international law to grant it the necessary immunities and privileges. The International Organisations Act 1968 allows His Majesty to do this by Order in Council. It is long-standing UK policy to grant immunities and privileges only where they are needed, and I can assure Members that the immunities and privileges afforded to persons connected with IDB Invest are strictly limited to those required for them to conduct their official activities. They are not for their personal benefit. They are also in line with those offered to

officials of other international financial institutions of which the UK is a member. They include immunity from suit and legal process for staff in respect of their official acts, and tax exemption. Members should note that the income tax exemption does not apply to British citizens.

2.15 pm

This order confers only those immunities and privileges on IDB Invest, and staff and secondees, that are necessary for the institution to function effectively and to conduct its official activities in the UK. Immunities and privileges will be granted only to official visitors from IDB Invest. It does not currently have an office in the UK.

To conclude, in granting these immunities and privileges and taking up membership in IDB Invest, the UK will be better placed to influence a major pool of development finance in a region of strategic importance. I beg to move.

Lord Bruce of Bennachie (LD): I thank the Minister for that introduction. We appreciate that the consolidation of the bank’s arrangements has led to this situation; that is perfectly understandable.

I will raise just one or two questions. The Minister said the bank aligns with UK aid, but on previous multilateral assessments the bank has not performed as well as other international institutions and international banks in a number of areas, particularly on inequality and gender issues. It has improved on climate change, which the Minister will be particularly pleased about, but can he indicate the extent to which the bank aligns and the extent to which the UK can influence it? We have a UK director—I assume we still have—and it would be interesting to know what his or her brief is and what they are looking for, given that we are a very small shareholder in the bank. The UK and the bank worked together on the green bond initiative. I wonder how that has developed and whether it could develop further.

With the bank operating here, is there a particular objective to being in the UK? Its interests clearly are not here. Is it about raising money? Is it about partnerships? It would be helpful to have some idea of the bank’s interests in being in the UK.

This is a small point, but I see that the Scottish law is different. Just for clarification, given that the Scottish Government have been consulted and have agreed, is there any significance to this? Will the passing of instrument and the relevant legislation in the Scottish Parliament ensure, from the bank’s point of view, that the UK operates as a homogeneous whole and that there are no differences? An international bank such as that might have some trouble if there were internal differences.

We have just had an election in Brazil, which has been welcomed by many people, particularly on climate issues. Again, I am sure the Minister will be very supportive of that. I suppose the question is: is there an opportunity for the bank to refocus and reprioritise? To the extent to which there is, does the UK have some capacity to shape that so that it matches UK aid objectives?

As an aside, UK aid objectives are somewhat confused and reduced at the moment, but I very much welcome the reappointment of Andrew Mitchell as the Development Minister attending Cabinet, because I know from his past record that he will certainly want to ensure that UK development aid gets back to where it has been, not just in financial terms but in quality and impact.

The Inter-American Development Bank is not the most important vehicle for UK aid and development but, given that we are part of it, it is important that it aligns and that we use whatever influence we have to help shape it. I will be grateful if the Minister is able to give us any flavour of that.

Lord Collins of Highbury (Lab): My Lords, I thank the noble Lord for those questions. I shall not repeat them, although I was going to cover some of the issues myself. One thing that struck me, which the Minister mentioned, was that, when we presented the treaty in 2018 to join the bank, the associated impact assessment stated that secondary legislation would be required to grant immunities and privileges. I am not at all surprised that we have this SI, but I am slightly interested to know why it is happening four years later. Just to pick up the point, it would be good to better understand what prompted it to come now.

The Minister mentioned that there was no physical presence of the bank in London, but is there going to be? If there is going to be, what are the reasons for that? Is it something that we can positively influence and shape? We heard from the noble Lord about how we might be able to have influence, even as a minor shareholder. He is absolutely right to draw attention to the election in Brazil and the fact that there will be a greater opportunity to push the green agenda. Given that the Amazon is the lungs of the world, it is even more important that we focus on that.

I have just a couple of technical points. When SIs of this nature have come up before, particularly as part of privileges, I have asked the specific question about road traffic offences and immunities and whether they are part of those privileges. I hope that the Minister can reassure us on that. On the question of physical presence, if he is expecting there to be one, is there any anticipation about the number of officials who are non-UK citizens who might be here?

In conclusion, I agree with the comments that have been made. This is positive news; we welcome this, and we certainly welcomed the treaty and our engagement with the bank in 2018. In its original presence, it has been around since 1984, and the more we can influence it, the better. Such investment has an important role to play in development and reaching the UN's 2030 agenda on sustainable development goals. We certainly welcome these regulations, which should allow the corporation to contribute to that.

Lord Goldsmith of Richmond Park (Con): I am grateful to noble Lords for their contributions and questions, and I shall do my best to answer them. I welcome the support for our membership of IDB Invest.

I turn to the questions from the noble Lords, Lord Bruce and Lord Collins, who both mentioned the scope for further alignment of international objectives between the UK and IDB Invest. We are very much moving in the same direction already; the IDB played a very important role in the run-up to and at COP 26. Noble Lords will remember that, as part of our forest package, we secured commitments from what are now 145 countries, representing 91% of the world's forests, to end deforestation and reverse it by the end of this decade. We secured \$20 billion in finance from Governments and philanthropists to help them to do that, and, as part of it, we got the multilateral development banks, including the World Bank, to commit to aligning their portfolios not just with Paris but with those broader deforestation goals as well. We would not have been able to do that had it not been for the intervention of key figures in the IDB. I am personally very grateful to them for the support that they provided during COP and in the run-up to it.

Obviously, climate change continues to be a top international priority for us and is a key priority for the IDB. In the context of that region, the obvious contribution that can be made to the challenge of tackling climate change is protecting the lungs of the earth, as the noble Lord, Lord Collins, said. There is no solution to climate change that does not involve nature and protecting and restoring degraded forests. From the perspective of the IDB, the Amazon is absolutely central. This remains a priority for us. At COP, we committed £200 million of UK ODA to support efforts to protect the Amazon, and we are working in many other ways to amplify that support; it is not just financial.

Both noble Lords mentioned the election in Brazil. From the point of view of the environment, climate change and the protection of the Amazon, the result was wildly good news. The previous Government had a hostile attitude to environmental protection and, in particular, the indigenous people who live in the forest. President-elect Lula takes a completely different approach. He has been bullish and ambitious in the statements he has made about his plans to protect the Amazon. We will of course do absolutely everything we can to support him in those endeavours.

I should also say that he has a record: under his previous two terms, deforestation in the Brazilian Amazon came down very markedly, and it went up very sharply under the last Government. So we know that it can be done, and we stand ready to support our friends in Brazil in whatever way we possibly can, alongside other donor countries, with which I have had many conversations in the past few days about how we might work together to support the new Government in that objective. I thank noble Lords for raising this issue.

The noble Lord, Lord Bruce, talked about other areas of the IDB's performance. IDB Invest certainly has space to improve but IDB is found to be good for transparency, and it is rated as one of the highest-performing organisations in that regard. As one of its priorities, the UK will use its membership of IDB Invest to push for higher levels of transparency still, greater learning across the bank and the sharing of

[LORD GOLDSMITH OF RICHMOND PARK]
best practice. This very much remains on the agenda for us but we are happy with our relationship with the multilaterals. There are numerous big multilaterals, and not all of them are as easy to deal with as the IDB on the issues I have just talked about.

Both noble Lords asked about the likely presence of the IDB in the UK. It does not have a staffed office at the moment; the only people who are expected to be granted immunities and privileges, therefore, are staff members who travel to the UK on official business—for example, to meet UK Ministers or businesses. We anticipate that fewer than 10 IDB Invest staff will travel to the UK per year on official duties.

With respect to the important point made by the noble Lord, Lord Collins, about road traffic accidents, it is hard to discuss this issue without making reference to the tragic case of Harry Dunn. Before moving on, I should say—I know that everyone in the Room will echo this—that my deepest sympathies very much remain with his family; I pay tribute to their resolve. We are pleased that criminal proceedings are now taking place in that case. It is a long-standing government policy to seek a carve-out of immunities relating to road traffic accidents when granting privileges and immunities. However, the possibility of such a carve-out was not included in the establishment charter for the IDB in 1959, so it was not passed through to the IDB Invest treaty. Instead, the FCDO has negotiated a bilateral memorandum of understanding with IDB Invest to mitigate this risk. The MoU states that IDB Invest staff members are not permitted to drive a vehicle on official business in the UK.

The noble Lord, Lord Collins, asked why it has taken so long to ratify the UK's membership. The delay in laying the required legislation was the result of two factors: first, the higher priority given to legislation to facilitate our exit from the EU; and, secondly, the time taken to negotiate an MoU with the bank to clarify that IDB Invest staff members are not permitted to drive a vehicle on official business in the UK.

It is good news that we are now here. In taking up our membership of IDB Invest, we will undoubtedly be better placed to influence the investment that it makes to support private sector development. This will allow us to support the UK's goals of promoting development and reducing poverty in a region of enormous strategic importance. Once again, I thank noble Lords for their contributions and commend the instrument to the Committee.

Motion agreed.

Adult Social Care Information (Enforcement) Regulations 2022

Considered in Grand Committee

2.31 pm

Moved by Lord Davies of Gower

That the Grand Committee do consider the Adult Social Care Information (Enforcement) Regulations 2022.

Relevant document: 13th Report from the Secondary Legislation Scrutiny Committee

Lord Davies of Gower (Con): My Lords, the draft regulations laid before the House on 5 September allow the Secretary of State to impose a financial penalty on private adult social care providers that fail to submit information required under Section 277A of the Health and Social Care Act 2012 or provide false or misleading information.

This statutory instrument will make sure that the Government receive a regular, standardised and accurate set of data from providers of social care to give us an up-to-date understanding of how the care system is functioning, what problems are emerging and where those problems are. This in turn means that the Government can support providers and the social care system as a whole to serve the care needs of the population, offering people choice, control and support to live independently.

At the start of the pandemic, it became clear that, here at the centre, we were lacking up-to-date information about the functioning of the social care system, as we had no comprehensive national source of data from providers. For instance, we did not know how many people were receiving care, where they were receiving it or where capacity was in the system, and we lacked provider-specific information about the workforce.

The Government relied on data mainly captured through aggregate annual returns from local authorities and periodic returns from the Association of Directors of Adult Social Services, supplemented by state of care briefings from the Care Quality Commission and from Skills for Care on the workforce. By the time we received this sort of information it was of little use to respond to on-the-ground situations.

As an interim response during the pandemic, the Department of Health and Social Care expanded the use of the capacity tracker tool, which at the time was used by providers primarily to share information about their bed vacancy, so that we could collect the information we desperately needed to give us a picture of the front line of social care. This gave us near real-time data to manage risks and issues that were presented on the front line, but, until the Health and Care Act 2022, it was difficult to require providers to do so.

Since the pandemic, most providers have continued to complete the capacity tracker, and it has continued to be a valuable source of data. However, with the ending of the infection control funds, we have seen completion rates decline. Therefore, we have taken steps to put provider data collection on a sustainable, long-term footing through new powers inserted into the Health and Social Care Act 2012 by the Health and Care Act 2022.

The Secretary of State for Health and Social Care now requires registered adult social care providers to submit data via the capacity tracker tool. This includes data on bed vacancies, service users, workforce resourcing, vaccination status and visiting data. We recognise that data collection can be onerous for care providers and, in making this data collection mandatory, we reduced the frequency of data collections from weekly to monthly. We have also removed data fields where the information was no longer critical.

Our intention is to share appropriately collected data with organisations across the adult social care

sector that need it to guide delivery, policy development and research. The information submitted will be subject to the UK general data protection regulation.

Through the 2022 Act, we can now require the information from providers. This is already in place. It is important to note that what we are debating today is the legislation to enforce that requirement. Enforcement is through financial penalties, which have been developed to make sure that the mandation of the data is effective but also done in a way that is proportionate. The draft regulations therefore cover the amount of the penalty, the service of notices, the right to make representations and the right to appeal to the tribunal. The regulations set out that the level of the penalty will be the same as a provider's Care Quality Commission registration fee, which is scaled to provider type and size.

It is our intention that these enforcement powers are used as a last resort. A notice of intent will be given before imposing a penalty, and the provider will have the right to make representations as to why it should not be imposed. Thereafter, a final decision will be taken and, if it is decided to impose a penalty, a final notice will be given. The provider will then be able to appeal to the First-tier Tribunal—the UK courts—if it disagrees with that decision. There is also provision in the regulations for notices to be withdrawn, for the recovery of financial penalties in the county court and for a duty to review the regulations every five years.

We need these draft regulations because we need to be able to enforce the information duties created by the Health and Care Act 2022. In particular, the Act inserted new Section 277A into the Health and Social Care Act 2012 to enable the Secretary of State to require information from regulated providers of adult social care services about themselves, their activities and the persons to whom they have provided care. New Section 277E provides for regulations to be made to enforce that duty to provide information through the imposition of financial penalties. We hope, and very much expect, compliance to be the norm so that financial penalties are not required. However, a deterrent is important, and these regulations provide powers to impose financial penalties if needed.

The Government's priority is to support providers to share their data wherever possible. The data required will be proportionate, and providers will normally be given three months' notice of any changes to the data requested unless there are any particular extenuating circumstances. Financial penalties will normally be a last resort, for example where a provider continues to be, or is persistently, in breach of its data obligations despite multiple offers of support from our delivery partners.

So what have the Government done so far? In our data strategy, we set out our vision for how data will be used to improve the health and care of the population in a safe, trusted and transparent way. Ultimately, we want a health and care system that is underpinned by high-quality, readily available data that is collected once and shared appropriately with those in the sector who need it. This is critical to the running of our health and care services and will help to improve adult

social care commissioning practice, improve outcomes for people receiving care and provide greater oversight of the sector.

I beg to move.

Baroness Tyler of Enfield (LD): My Lords, I thank the Minister for setting out the policy intention behind these regulations; for reminding us of the very real problems that were experienced during the pandemic due to the lack of data in the field of social care; and for explaining how these regulations would operate in practice. I simply want to make a couple of general points then ask a couple of quick questions.

I am certainly in favour of better data collection in this area. In broad terms, I certainly support these regulations. It seems to me that, if we are to tackle the current crisis in social care, we need a far better picture and understanding of the sector at all levels—that is, what is happening locally, regionally and nationally. Unless we have that information in a more standardised form that people can use, it is very difficult indeed for those in the sector who need to plan and provide the higher-quality care that we all want to see. The availability of this data is absolutely crucial to both those who commission and deliver social care and those who are responsible for ensuring good outcomes for those individuals who use it.

For too long now, there has been too little information. It has been difficult to share it across the sector and it has not been standardised, which has not helped. These regulations are an opportunity to address these problems and move the dial forward, as well as improving transparency and accountability in a sector that has often felt quite opaque to many people. With this opportunity, I hope that a greater joined-upness—if I may use that term—in data collection and availability will be at the forefront of the minds of the people putting these regulations into practice. As the Minister acknowledged, the more we can have an “ask once” dataset, the better to achieve the objectives I have just set out.

I have two questions. It has always been important to us on these Benches that data collection is in keeping with the Data Protection Act 2018 and the UK GDPR. The regulations say that it will be, so that is good and proper and as it should be. But can the Minister give a specific confirmation that this will always remain the case and will not be something that a future Secretary of State might try to come back and change? If that were the case, we would not be able to continue our support of these regulations.

Finally, I was pleased to see that the fining of providers would be a last resort and proportionate, particularly to their size. Again, I query whether it would be possible for a future Secretary of State to change that without coming back to Parliament. I would worry if that were the case because, frankly, small social care providers do not have the reporting structures and the administrative support of the NHS. There needs to be some real understanding of their situation in the way that these regulations are taken forward.

Baroness Wheeler (Lab): My Lords, I thank the Minister for introducing the SI, which sets out the process of fines, including notice periods and the right

[BARONESS WHEELER]

of appeal, for adult social care providers that fail to provide any or accurate information to the Health Secretary without reasonable excuse. It is important for adult social care providers to be required to supply the Department of Health and Social Care with key data and information. The use and further development of the capacity tracker, which was the only tool available to get the vital data needed during the pandemic, is a welcome step forward.

It is indeed truly striking, as the noble Baroness, Lady Tyler, said, that prior to the pandemic there was no comprehensive national data from providers on workforce status, bed availability or the number of people in receipt of care. Regularised, standardised and accurate data is vital in order to get an up-to-date understanding of how the care system is functioning. The noble Baroness, Lady Tyler, made that point very forcefully. It is very worrying that since the infection control fund ended, data completion and submission rates from care homes have declined. How are care homes to be supported in the work involved, in light of their current desperate shortage of staffing and funds?

We recognise the need to put information submission from care homes on a statutory footing and acknowledge that the SI is largely uncontroversial. It flows from amendments to the Health and Social Care Act 2012 made by the Health and Care Act 2022, as has been stated, on more extensive and accurate data provision and transparency in the sector, which we all argued for and supported at the time. Has the Minister made any assessment of how much money will be paid in fines each year? Will smaller providers definitely be able to digest government guidelines and keep up with monthly data collection? Can the Minister be sure that no care homes will be forced to shut or scale back their services due to these regulations? The reassurances that providers that do not submit data will be helped and supported and that fines will be the last resort are also welcome, as the noble Baroness, Lady Tyler, said.

2.45 pm

Have the Government made any assessment of the additional costs that Regulation 8 on the appeals process could give rise to for providers appealing their fines through the First-tier Tribunal and county courts? The Explanatory Memorandum reported on the consultation exercise with the sector and its serious concerns about the existing data collection burden. It simply says:

“The DHSC long-term data strategy will address many of these issues.”

Will the Minister explain the overall approach that is being taken in the strategy which would impact on the situation, and when this part of the strategy is to be finalised and published?

The regulations will be reviewed every five years. What is the Government’s justification for this? If the regulations are not working as intended or are too or insufficiently punitive after two years, for example, what will be the opportunity to revisit them?

Having access to this crucial data will improve the ability of policymakers to judge risk in the care system, which we know to be under significant stress, but

without the requisite data we are unable to make detailed assessments. We welcome the reassurance that the data will be subject to the GDPR restrictions and will be shared appropriately with local authorities and ICSs. It is also right that financial penalties, where a provider is persistently in breach of data obligations and has not made appropriate attempts to rectify that, will be scaled to the provider type and size.

We very much support the ambition of the Department of Health and Social Care to improve the accessibility of the data available to providers by linking and joining up the capacity tracker to other data sources, particularly across the Care Quality Commission and local authorities. Will the Minister update the Committee on this work? The capacity tracker data is published monthly, so we will certainly need the same transparency with the expanded information that will be obtained. The Minister’s reassurances on this would be very welcome.

Lord Davies of Gower (Con): I am grateful to the noble Baronesses for their contributions this afternoon.

The noble Baroness, Lady Tyler, and I were on the Public Services Committee during Covid, and one thing we were very conscious about was data collection. That was highlighted on that committee, so I am very aware of the points that were raised in that respect.

On the purpose of data collection and support, as I am sure the noble Baroness appreciates, the availability of good quality and timely data from ICS providers is essential to improve the service for all users, support efficient commissioning and systems assurance and manage national, regional and local risks. The data is needed to continue to support Covid recovery, monitor vaccination levels, understand capacity and risk in the care system more generally, understand the impact of winter pressures, determine when and how to target support to providers and, ultimately, help facilitate the care of individuals across the care system long term.

The noble Baroness, Lady Tyler, asked about transparency. Our programme of work to improve data in adult social care includes updating the adult social care outcomes framework to ensure that it better captures the outcomes that matter most to people and reflects the Care Act 2014 and reform. It is used locally and nationally to set priorities for care and support, measure progress and strengthen transparency and accountability. We are developing an ISC data framework, which will start to set out what data gaps we have, our approach to addressing them, the purpose of those collections and the standards to which they are collected.

The noble Baroness, Lady Tyler, asked about guarantees for future Secretaries of State. I cannot stand here and speak for what a future Secretary of State will do but, for now, I can assure her that the data will be subject to the UK GDPR.

The noble Baroness, Lady Wheeler, asked about the burden on small businesses. We hope to see full compliance so that financial penalties are not required. Our priority is to support providers to share their data wherever possible. The data required will be proportionate and we do not anticipate it being onerous. Financial penalties will normally be a last resort, where a provider continues

to be or is persistently in breach of its data obligations despite multiple offers of support from our delivery partners.

The noble Baroness also wanted some assurance on data collection. As I said, our aim is to work closely with stakeholders to identify and agree key data needs, as well as look at opportunities to streamline current data collections from ASC providers, so that data can be captured once and shared safely with all those who need it.

Another point raised by the noble Baroness, Lady Wheeler, was on fines. As I said, we hope to see full compliance so that financial penalties are not required. Our priority is to support providers to share their data wherever possible. The data required will be proportionate and we do not anticipate it being too onerous, as I said earlier.

I think that covers most of the points that were raised.

Baroness Wheeler (Lab): I also asked about the cost of the appeal process and the five-year review.

Lord Davies of Gower (Con): As I mentioned in my opening remarks, the appeal process is through the courts. If it would be helpful, I can guide the noble Baroness through the level of fines. They will be the same as a provider's CQC registration fee, which is calculated based on the type and size of the provider. These are examples of fines: where the care home provider has fewer than four beds, the penalty will be £313; where the care home provider has 16 to 20 beds,

the penalty will be £2,388; and where the care home provider has more than 90 beds, the penalty will be from £15,710. Here are further examples: where the domiciliary care provider has fewer than 20 users, the penalty will be up to £1,597; where the domiciliary care provider has 26 to 50 users, the penalty will be from £1,651 to £2,954; and, lastly, where the domiciliary care provider has 76 to 100 users, the penalty will be from £4,366 to £5,670.

As I mentioned in my opening remarks, details about the process of appeal are standard and set out in the relevant rules for the First-tier Tribunal, rather than in these regulations. The standard deadline for making an appeal to the First-tier Tribunal is 28 days after the decision—in this case, 28 days after the final notice.

In conclusion, we want to build a better picture of adult social care services across England so that, at the local, regional and national levels, people in the sector have the information they need to provide high-quality care and support to people who need it. These draft regulations will ensure that we continue to get vital information from all registered adult social care providers and that, where providers do not make a good-faith effort to provide the data or do not otherwise have a reasonable excuse for not doing so, they are held to account. I commend these draft regulations to the Committee.

Motion agreed.

Committee adjourned at 2.54 pm.

